

## Assembly Bill No. 1802

### CHAPTER 79

An act to amend Sections 2558.46, 37254, 41203.1, 42238, 42238.146, 44244, 47632, 47634.1, 49430.5, 56836.155, 56836.21, 56867, 62000.2, 69616, 69616.1, 69616.2, 69616.3, 69616.4, 69616.5, 69741.5, 69744, 76300, and 89721 of, to amend and renumber the heading of Article 5.6 (commencing with Section 69616) of Chapter 2 of Part 42 of, and to add Sections 16236, 42238.48, and 69746.5 to, to add Article 4.5 (commencing with Section 52378) to Chapter 9 of Part 28 of, to repeal Sections 44242.3, 69747, and 69748 of, to repeal Article 4 (commencing with Section 54040) of Chapter 1 of Part 29 of, and to repeal and add Article 2 (commencing with Section 54020) of Chapter 1 of Part 29 of, the Education Code, relating to education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 19, 2006. Filed with  
Secretary of State July 19, 2006.]

I am signing Assembly Bill 1802 with the following objections:

I am reducing one-time appropriations contained in subdivision (a) of Section 43 of the bill for community colleges:

I am reducing the appropriation in subdivision (a) of Section 43 of this bill by eliminating schedule (28), which allocates \$500,000 for implementation of a community college strategic plan. Funding for the implementation of community college's strategic plan is not an appropriate use of Proposition 98 funds and can be funded by the Chancellor's Office to the extent this is a priority for that organization.

I am reducing the appropriation in subdivision (a) of Section 43 of this bill by eliminating schedule (29), which allocates \$700,000 to support an Electronic Transcript Exchange program. This additional funding is unnecessary, given that the Budget Bill already provides federal reimbursement authority for this purpose.

I am reducing the appropriation in subdivision (a) of Section 43 of this bill by eliminating schedule (31), which allocates \$5,000,000 to support faculty and staff professional development. This funding is unnecessary due to the significant increases in general purpose funding and one-time funds that are available for this and other purposes. Decisions to provide additional funding for these programs should be made at the local level.

As mentioned in my veto message on Item 6870-101-0001 in AB 1801, I am committed to increasing the amount of funding for career technical education given the magnitude of work remaining to be done to reinvigorate and align career technical in our high schools and community colleges. Therefore, I am setting these funds aside for appropriation in subsequent legislation for this purpose.

Also, Section 12 requires the State Department of Education to reimburse school districts \$0.21 for every free and reduced-price meal served to California students. Currently, the reimbursement rate is \$0.14 for free and reduced price meals. However, I have deleted and set aside \$37.8 million included in the Budget Bill for this rate increase pending the

adoption of legislation that would require schools to improve the nutritional quality of meals served to California students and restore the \$37.8 million appropriation.

Schwarzenegger, Arnold

LEGISLATIVE COUNSEL'S DIGEST

AB 1802, Committee on Budget. Education: programs: finance.

(1) Existing law requires a revenue limit to be calculated for each county superintendent of schools, and requires the revenue limit to be adjusted for various factors and to be reduced, as specified. Existing law further reduces the revenue limit for the 2005–06 and 2006–07 fiscal years by a deficit factor of 0.898%.

This bill would delete the reduction of the revenue limit for the 2006–07 fiscal year.

(2) Existing law designates a source of funds and requires the State Allocation Board to expend those funds, up to a specified maximum amount, for the acquisition of portable school and classroom buildings.

This bill would authorize the board to allocate any amount of those funds that is in excess of the amounts needed for the administration of those provisions to any of several specified state funds related to school facilities.

(3) Existing law provides specified funding for eligible pupils, as defined, who are required to pass the high school exit examination, to be used for intensive instruction and services for those pupils. Existing law provides that, for the 2005–06 fiscal year, an eligible pupil does not include a pupil who receives services related to passage of that examination pursuant to a specified statute. Existing law requires the Superintendent of Public Instruction to rank schools on the basis of the percentage of eligible pupils and to apportion \$600 per eligible pupil to school districts on behalf of those ranked schools until the funds are exhausted.

This bill would, instead, require the Superintendent to determine and apportion to each school district a per pupil rate of funding for pupils enrolled in grade 12, as specified. The bill would require the Superintendent, if the funds are not exhausted after the apportionment for pupils in grade 12, to determine and apportion to each school district a per pupil rate of funding for pupils enrolled in grade 11, as specified. The bill would provide that the per pupil rate for either of grades 11 or 12 may not exceed \$500. The bill would provide that the amount per eligible pupil be increased annually by the percentage determined pursuant to a specified provision. The bill would delete the provision regarding an eligible pupil not including a pupil who receives specified services.

(4) Existing law requires, for the 1990–91 fiscal year and each fiscal year thereafter, that moneys to be applied by the state for the support of school districts and community college districts be distributed in accordance with certain calculations governing the proration of those moneys among the 3 segments of public education. Existing law makes

this provision inapplicable to the fiscal years between the 1992–93 and 2005–06 fiscal years, inclusive.

This bill would, in addition, make this provision inapplicable to the 2006–07 fiscal year.

(5) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county. Existing law requires the base revenue limit for a fiscal year to be determined by adding to the base revenue limit for the prior fiscal year certain amounts.

This bill would require a specified equalization adjustment to be added for the 2006–07 fiscal year.

(6) Existing law requires a revenue limit to be calculated for each school district and each county superintendent of schools and requires the amount of the revenue limit to be adjusted for various factors.

This bill would, for the 2006–07 fiscal year, require the Superintendent to compute an equalization adjustment for each school district so that the prior year base revenue limit per unit of average daily attendance of a school district is not less than the prior year base revenue limit per unit of average daily attendance above which fall not more than 10% of the total statewide units of average daily attendance for the appropriate size and type of school district.

The bill would appropriate \$200,000,000 from the General Fund to the Superintendent for the 2006–07 fiscal year for the purposes of this equalization, to be allocated to school districts on a prorated basis. The bill would provide that for the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, these amounts are General Fund revenues appropriated for school districts for the 2006–07 fiscal year.

(7) Existing law requires, for the 2005–06 and 2006–07 fiscal years, the revenue limit for each school district to be reduced by a deficit factor of 0.892%. Existing law requires the revenue limit computation for the 2007–08 fiscal year to be made as if the revenue limits for the 2003–04, 2004–05, 2005–06, and 2006–07 fiscal years had been determined without being reduced.

This bill would delete the requirement to reduce the revenue limit for a school district for the 2006–07 fiscal years by a 0.892% deficit factor, and would require the revenue limit computation for the 2006–07 fiscal year to be made as if the revenue limits for the 2003–04, 2004–05, and 2005–06 fiscal years had been determined without being reduced.

(8) Existing law authorizes the Committee of Credentials to conduct an initial review, as provided, regarding an allegation of misconduct of an applicant for, or holder of, a credential. Existing law requires a formal review to be held no later than 6 months after the commencement of the initial review and requires the committee to make its recommendation in writing and to deliver a copy of the recommendation to the credentialholder or applicant personally or sent to him or her by mail within 14 days after the formal review.

This bill would instead require that the mailing of a copy of the recommendation to the credentialholder or applicant, if applicable, be done by certified mail, as specified.

(9) Existing law requires an applicant, as defined, seeking a credential, who is subject to investigation by the Committee of Credentials, to receive notice of the investigation and an opportunity to respond to the allegations in writing. Existing law requires a summary of the alleged misconduct and any response from the applicant, as defined, to be presented to the Committee of Credentials. Existing law requires the Committee of Credentials to grant or recommend denial of the application based on the information discovered during the investigation and the response of the applicant, if any. Existing law authorizes the applicant to appeal the recommendation of the committee to deny the application.

This bill would repeal those provisions.

(10) Existing law authorizes the county superintendent of schools of each county, with the consent of the State Board of Education, to establish and maintain, or with one or more counties to establish and maintain, a regional occupational center or regional occupational program to provide education and training in career technical courses.

This bill would establish the Supplemental School Counseling Program and require the governing board of a school district that maintains any of grades 7 to 12, inclusive, as a condition of receiving funds appropriated for purposes of that program, to adopt a counseling program at a public meeting that includes, among other things, a provision for a counselor to meet with each pupil, as specified, to explain the academic and department records of the pupil, his or her educational options, the coursework and academic progress needed for satisfactory completion of middle or high school, and the availability of career guidance activities. The bill would provide that the educational options explained at the meeting may include vocational programs, including regional occupational centers and programs. The bill would require that a school district that adopts a program pursuant to that authority to assign first priority for counseling services to pupils who have failed the high school exit examination, are at risk of failing the examination, or are not earning credits at a rate that will enable them to graduate from high school with their class. The bill would require that funds appropriated in the annual Budget Act for purposes of that program be allocated to school districts according to specified criteria.

(11) Existing law increases the reimbursement a school receives for free and reduced price meals sold or served to pupils in elementary or middle schools to \$0.23, contingent upon the appropriation of moneys on or before January 1, 2004, for that purpose. Existing law provides that each elementary and middle school shall receive a reimbursement of \$0.10 for meals sold at full price.

This bill would, instead, increase the reimbursement for free and reduced price meals to \$0.21 and would delete the provision that makes the increase contingent upon the appropriation of moneys for that purpose.

The bill would delete the provision regarding reimbursement for meals sold at full price.

(12) Existing law authorizes the allocation of economic impact aid funding to support educationally disadvantaged youth programs and bilingual education. Existing law provides that those provisions become inoperative on June 30, 1987.

This bill would repeal and replace the existing provisions regarding the calculation and allocation of economic impact aid to require the Superintendent to determine an economic impact aid-eligible pupil count and calculate an amount of economic impact aid for each school district for the 2006–07 fiscal year and each fiscal year thereafter, as specified. The bill would delete that inoperative date with regard to those provisions. The bill would, in addition to the calculation and allocation of economic impact aid, require the Superintendent to calculate and allocate a supplemental adjustment for the 2006–07 fiscal year and to add to the economic impact aid per pupil amount for the 2007–08 fiscal year, as specified.

(13) Existing law provides for the calculation and allocation of additional funds to supplement the economic impact aid for a limited number of school districts with high concentrations of limited- and non-English-speaking pupils and pupils in poverty to ensure funding for appropriate educational services.

This bill would repeal those provisions.

(14) Existing law adjusts funding for individuals with exceptional needs based on an incidence multiplier, as defined, for each special education local plan area.

This bill would continue the current special education incidence factor formula through the 2006–07 fiscal year.

(15) Existing law requires the State Department of Education to administer an extraordinary cost pool to protect special education local plan areas from the extraordinary costs associated with single placements in nonpublic, nonsectarian schools, as specified.

This bill would recast that provision and authorize special education local plan areas to submit claims for the costs of special education and related services for pupils who reside in licensed children’s institutions.

(16) Existing law requires the State Department of Education and the California State University to enter into an interagency agreement under which the Center for the Study of Correctional Education, would provide technical assistance to the department regarding compliance with state and federal laws and regulations regarding special education at the Department of the Youth Authority. Existing law requires the department, by December 1, 2006, to submit a report to the Legislature on the usefulness of the services received from the center pursuant to the interagency agreement. Existing law provides that these provisions become inoperative on January 1, 2007, and repeals them on that date.

This bill would extend those inoperative and repeal dates to July 1, 2007.

(17) Existing law establishes the State Nursing Assumption Program of Loans for Education (SNAPLE), administered by the Student Aid Commission, under which any person enrolled in an institution of postsecondary education and participating in that loan assumption program is eligible to receive a conditional warrant for loan assumption, to be redeemed upon becoming employed as a full-time nursing faculty member at a California college or university.

The existing SNAPLE act establishes, among other things, eligibility requirements, including the receipt of a graduate degree from an accredited, participating institution before loan assumption payments may be made, limits each participant in the program to one loan assumption agreement, and provides for a progressive assumption of the amount of the loan over 3 consecutive years of teaching, up to a total loan assumption of \$25,000. The existing SNAPLE act requires the commission to report annually to the Legislature, and states the intent of the Legislature that, commencing with the 2006–07 fiscal year, funding necessary for the administration of the program shall be included within the annual budget of the commission.

This bill would amend the SNAPLE act to authorize the award of loan assumption agreements under the program to undergraduate students and to authorize the making of loan assumption payments to applicants who have taught on a part-time basis for the equivalent of 3 full-time academic years. The bill would authorize the extension of the term of a loan assumption agreement if a natural disaster prevents a program participant from completing one of the years of required teaching service.

(18) Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Existing law establishes the Public Interest Attorney Loan Repayment Program, under the administration of the commission, as a student loan repayment program for licensed attorneys who practice or agree to practice in public interest areas of the law, as defined, and who meet other designated criteria. Under the program, the Public Interest Attorney Loan Repayment Endowment Account, consisting of funds appropriated by the Legislature for the program and private contributions to the program, is established in the State Treasury. Existing law authorizes the Treasurer to invest, reinvest, manage, contract, sell, or exchange money in the account, as specified.

This bill would require the commission to submit an annual written report to the Legislature, including specified data, regarding the program. The bill would delete the provisions establishing the Public Interest Attorney Loan Repayment Endowment Account and authorizing the Treasurer to invest, reinvest, manage, contract, sell, or exchange money in the account. The bill would make various nonsubstantive technical and conforming revisions in provisions relating to the program.

(19) Existing law requires the governing board of each community college district to charge each student a fee of \$26 per unit per semester, effective with the fall term of the 2004–05 academic year.

This bill would reduce that fee to \$20 per unit per semester, effective with the spring term of the 2006–07 academic year.

(20) Existing law establishes the California State University under the administration of the Trustees of the California State University. Existing law requires the chief fiscal officer of the university to deposit and maintain in trust accounts specified moneys that the university receives.

This bill would require the chief fiscal officer of the university to deposit and maintain in these trust accounts moneys collected, pursuant to a provision of existing law that authorizes the trustees to require persons to pay fees, rents, deposits, and charges for services, facilities, or materials provided by the trustees to these persons, as a higher education fee or other income from students of any campus of the university, or from other persons. The bill would grant the Controller the authority to audit the expenditure of those fees and income.

(21) This bill would appropriate \$388,283,000 from the General Fund to the State Department of Education for expenditure during the 2007–08 fiscal year according to a specified schedule. The bill would provide that for purposes of satisfying the minimum annual funding obligation for school districts and community college districts required under the California Constitution, those funds are General Fund revenues appropriated for school districts.

(22) This bill would appropriate \$200,000,000 to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2007–08 fiscal year, to be expended in accordance with the requirements specified in a schedule of a local assistance appropriation for community colleges in a prescribed item of the Budget Act of 2006. The bill would provide that the amount of this appropriation would be applied, as specified, for the 2007–08 fiscal year, for the purposes of the minimum funding requirement for school districts and community college districts in Section 8 of Article XVI of the California Constitution.

(23) This bill would make specified funds appropriated pursuant to the Budget Act of 2006 available for liquidation through July 31, 2009. The bill would revert the funds unexpended after that date to the Proposition 98 Reversion Account.

(24) Existing law, commencing with the 2006–07 fiscal year, annually appropriates \$150,000,000 from the General Fund to the Controller for allocation to school districts and community college districts for the purpose of discharging in full the outstanding balance of the state minimum funding obligation to school districts and community college districts, as provided.

This bill, notwithstanding that provision, would provide that \$16,811,000 of the funds appropriated in a specified statute and \$133,189,000 appropriated in this bill are in lieu of the \$150,000,000 that

would have otherwise been appropriated for the 2006–07 fiscal year and that specified amounts appropriated in this bill are in lieu of the \$150,000,000 that would have otherwise been appropriated for the 2007–08 fiscal year.

(25) This bill would provide that the cost-of-living adjustment for specified items of the Budget Act of 2006 is 5.92%, and that all funds appropriated in those items are in lieu of the amounts that would otherwise be appropriated pursuant to any other law.

(26) This bill would appropriate \$350,000,000 from the General Fund to the Superintendent for the 2006–07 fiscal year for purposes of a specified provision to be allocated to school districts on a prorated basis. The bill would provide that for purposes of satisfying the minimum annual funding obligation for school districts required under the California Constitution, those funds are General Fund revenues appropriated for school districts for the 2006–07 fiscal year.

(27) This bill would appropriate \$2,305,695,000 from the General Fund for the 2005–06 fiscal year according to a specified schedule. The bill would provide that for purposes of satisfying the minimum annual funding obligation for school districts and community college districts required under the California Constitution, those funds are General Fund revenues appropriated for school districts and community college districts for the 2005–06 fiscal year.

(28) This bill would appropriate \$283,189,000 from the General Fund for transfer to the Controller to pay claims, including interest, for the reimbursement of costs mandated by the state submitted by school districts, county offices of education, and community college districts for the 1995–96 to 2004–05 fiscal years, inclusive, according to a specified order of priority. The bill would provide that for purposes of satisfying the minimum annual funding obligation for school districts and community college districts required under the California Constitution, those funds are General Fund revenues appropriated for school districts and community college districts for specified fiscal years.

(29) This bill would make other technical, clarifying, and conforming changes.

(30) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 2558.46 of the Education Code is amended to read:

2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 1.195 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each county superintendent of schools determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each county superintendent of schools determined pursuant to this article shall be further reduced by a 0.898 percent deficit factor.

(b) In computing the revenue limit for each county superintendent of schools for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that county superintendent of schools had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in this section.

SEC. 2. Section 16236 is added to the Education Code, to read:

16236. Notwithstanding any other provision of law, the board may allocate any amount of the funds designated for purposes of this article that is in excess of the amounts needed for the administration of this article to any of the following:

(a) The Emergency School Classroom Fund for allocation by the board for any purpose authorized pursuant to that fund.

(b) The 1998 State School Facilities Fund for allocation by the board for any purpose authorized to that fund.

(c) The 2002 State School Facilities Fund for allocation by the board for any purpose authorized to that fund.

(d) The 2004 State School Facilities Fund for allocation by the board for any purpose authorized to that fund.

(e) If the voters approve the Kindergarten-University Public Education Facilities Bond Act of 2006 at the November 7, 2006, statewide general election, the 2006 State School Facilities Fund for allocation by the board for any purpose authorized to that fund.

(f) The State School Deferred Maintenance Fund for allocation by the board for any purpose authorized pursuant to that fund. The board may utilize up to 100 percent of the funds transferred by the board to the State School Deferred Maintenance Fund pursuant to this section for funding extreme hardship critical projects.

SEC. 3. Section 37254 of the Education Code is amended to read:

37254. (a) For purposes of this section, “eligible pupil” means a pupil who is required to pass the California High School Exit Examination for high school graduation pursuant to Chapter 8 (commencing with Section 60850) of Part 33, and who has failed one or both parts of that examination.

(b) (1) From the funds appropriated for purposes of this section in the annual Budget Act or other statute, the Superintendent shall determine a per pupil rate of funding by dividing the total number of eligible pupils in grade 12 reported by school districts in accordance with paragraph (4) of

subdivision (d) by the total amount of funds appropriated for purposes of this section. The Superintendent shall then apportion to each school district an amount equal to the per pupil rate determined pursuant to this paragraph multiplied by the number of eligible grade 12 pupils reported pursuant to paragraph (4) of subdivision (d).

(2) If funds appropriated for purposes of paragraph (1) are not exhausted after the apportionment for eligible pupils in grade 12 is made, the Superintendent shall determine a per pupil rate of funding by dividing the total number of eligible pupils in grade 11 reported by school districts in accordance with paragraph (4) of subdivision (d) by the total amount of funds appropriated for purposes of this section remaining after the apportionment pursuant to paragraph (1) has been made. The Superintendent shall apportion to each school district an amount equal to the per pupil rate determined pursuant to this paragraph multiplied by the number of eligible grade 11 pupils reported pursuant to paragraph (4) of subdivision (d). The per pupil amount for grade 12 may not exceed five hundred dollars (\$500) in the 2006–07 fiscal year. The maximum per pupil rate of funding for grade 12 shall be increased annually by the percentage determined in paragraph (2) of subdivision (b) of Section 42238.1

(c) (1) The funds described in subdivision (b) shall be used to provide intensive instruction and services designed to help eligible pupils pass the California High School Exit Examination.

(2) Intensive instruction and services may be provided during the regular schoolday provided that they do not supplant the instruction of the pupil in the core curriculum areas as defined in paragraph (5) of subdivision (a) of Section 60603, or physical education instruction.

(3) Intensive instruction and services may include, but are not limited to, all of the following:

- (A) Individual or small group instruction.
- (B) The hiring of additional teachers.
- (C) Purchasing, scoring, and reviewing diagnostic assessments.
- (D) Counseling.
- (E) Designing instruction to meet specific needs of eligible pupils.
- (F) Appropriate teacher training to meet the needs of eligible pupils.

(d) As a condition of receiving funds pursuant to subdivision (c), the school district shall accomplish all of the following:

(1) Ensure that each eligible pupil receives an appropriate diagnostic assessment to identify that pupil's areas of need.

(2) Ensure that each pupil receives intensive instruction and services based on the results of the diagnostic assessment.

(3) Demonstrate that funds will be used to supplement and not supplant existing services.

(4) Provide to the Superintendent, in a manner and by a date certain determined by the Superintendent, the number of eligible pupils at each high school in the school district.

(5) Submit an annual report to the Superintendent in a manner determined by the Superintendent that describes the number of pupils

served for each type of service provided, and the number of pupils in the school district who successfully pass the high school exit examination by each type of service provided.

SEC. 4. Section 41203.1 of the Education Code is amended to read:

41203.1. (a) For the 1990–91 fiscal year and each fiscal year thereafter, allocations calculated pursuant to Section 41203 shall be distributed in accordance with calculations provided in this section. Notwithstanding Section 41203, and for the purposes of this section, school districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California shall be regarded as separate segments of public education, and each of these three segments of public education shall be entitled to receive respective shares of the amount calculated pursuant to Section 41203 as though the calculation made pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution were to be applied separately to each segment and the base year for the purposes of this calculation under paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution were based on the 1989–90 fiscal year. Calculations made pursuant to this subdivision shall be made so that each segment of public education is entitled to the greater of the amounts calculated for that segment pursuant to paragraph (1) or (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution.

(b) If the single calculation made pursuant to Section 41203 yields a guaranteed amount of funding that is less than the sum of the amounts calculated pursuant to subdivision (a), the amount calculated pursuant to Section 41203 shall be prorated for the three segments of public education.

(c) Notwithstanding any other law, this section does not apply to the 1992–93 to 2006–07 fiscal years, inclusive.

SEC. 5. Section 42238 of the Education Code is amended to read:

42238. (a) For the 1984–85 fiscal year and each fiscal year thereafter, the county superintendent of schools shall determine a revenue limit for each school district in the county pursuant to this section.

(b) The base revenue limit for a fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount received per unit of average daily attendance in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2004–05 fiscal year, the equalization adjustment specified in Section 42238.44.

(7) For the 2006–07 fiscal year, the equalization adjustment specified in Section 42238.48.

(c) Except for districts subject to subdivision (d), the base revenue limit computed pursuant to subdivision (b) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(d) (1) For districts for which the number of units of average daily attendance determined pursuant to Section 42238.5 is greater for the current fiscal year than for the 1982–83 fiscal year, compute the following amount, in lieu of the amount computed pursuant to subdivision (c):

(A) Multiply the base revenue limit computed pursuant to subdivision (c) by the average daily attendance computed pursuant to Section 42238.5 for the 1982–83 fiscal year.

(B) Multiply the lesser of the amount in subdivision (c) or 1.05 times the statewide average base revenue limit per unit of average daily attendance for districts of similar type for the current fiscal year by the difference between the average daily attendance computed pursuant to Section 42238.5 for the current and 1982–83 fiscal years.

(C) Add the amounts in subparagraphs (A) and (B).

(2) This subdivision shall become inoperative on July 1, 1998.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (2) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees' Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately after the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees' Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent with the approval of the Director of Finance.

(4) For accounting purposes, the reduction made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.

(h) The Superintendent shall apportion to each school district the amount determined in this section less the sum of:

(1) The district's property tax revenue received pursuant to Chapter 3 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of the Revenue and Taxation Code.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance, except for any amount received pursuant to Section 33492.15, paragraph (4) of subdivision (a) of Section 33607.5, or Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities.

(7) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges, as computed by the department pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 for which the district is the sponsoring local educational agency, as defined in Section 47632, and who reside in and would otherwise have been eligible to attend a noncharter school of the district.

(i) A transfer of seventh and eighth grade pupils between an elementary school district and a high school district shall not result in the receiving district receiving a revenue limit apportionment for those pupils that

exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.

SEC. 6. Section 42238.48 is added to the Education Code, to read:

42238.48. (a) (1) For the 2006–07 fiscal year, the Superintendent shall compute an equalization adjustment for each school district, so that the 2005–06 base revenue limit per unit average daily attendance of a school district is not less than the 2005–06 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (b).

(2) For purposes of this section, the base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary.....	less than 101
Elementary .....	more than 100
High School.....	less than 301
High School.....	more than 300
Unified.....	less than 1,501
Unified.....	more than 1,500

(c) The Superintendent shall compute a revenue limit equalization adjustment for each school district’s base revenue limit per unit of average daily attendance as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (a) by the average daily attendance used to calculate the revenue limit for the 2006–07 fiscal year of a school district.

(2) Divide the amount appropriated for purposes of this section for the 2006–07 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) of subdivision (a) by the amount computed pursuant to paragraph (2).

(d) (1) For the purposes of this section, the 2005–06 statewide 90th percentile base revenue limit determined pursuant to paragraph (1) of subdivision (a), and the fraction computed pursuant to paragraph (2) of subdivision (c) for the 2005–06 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (b), county superintendents of schools, in conjunction with the Superintendent, shall use school district revenue limit average daily attendance for the 2005–06 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).

(2) For the purposes of calculating the size of a school district pursuant to subdivision (b), the Superintendent shall include units of average daily attendance of any charter school for which the school district is the sponsoring local educational agency.

(3) For the purposes of computing the target amounts pursuant to subdivision (a), the Superintendent shall count all charter school average daily attendance toward the average daily attendance of the school district that is the sponsoring local educational agency.

SEC. 7. Section 42238.146 of the Education Code is amended to read:

42238.146. (a) (1) For the 2003–04 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.892 percent deficit factor.

(b) In computing the revenue limit for each school district for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in this section.

SEC. 8. Section 44242.3 of the Education Code is repealed.

SEC. 9. Section 44244 of the Education Code is amended to read:

44244. (a) At least 30 days prior to any formal review of the Committee of Credentials at which the application of an applicant or credential of a holder is to be considered, the committee shall notify the applicant or holder of the specific allegations of misconduct that make the application or credential subject to adverse action. The notification shall be in ordinary and concise language and set forth the acts or omissions charged and the statutes or rules violated. Supplemental allegations of misconduct shall be sent to the holder or applicant at least 30 days prior to the formal review. The portions of the investigation of the original or supplemental allegations that constitute the basis for the allegations shall be open to inspection and copying by the holder or applicant and his or her attorney. The statement of the allegations shall inform the applicant or holder that the allegations, if true, are sufficient to cause his or her application or credential to be subject to adverse action.

(b) (1) The formal review shall be held no later than six months after the commencement of the initial review as set forth in subdivision (c) of Section 44242.5. The formal review shall determine either that no adverse action shall be taken or that the allegations are sufficient to cause his or her application or credential to be subject to adverse action.

(2) All testimony before the committee shall be verified under penalty of perjury by oath or affirmation. The chairperson of the committee may administer the oath or affirmation. The chairperson may designate staff to administer the oath or affirmation for statements taken during the investigation of allegations of misconduct.

(c) Notwithstanding subdivision (b), the chairperson of the commission may grant the committee an extension of time, not exceeding six months, when the committee demonstrates that additional time is necessary to complete its investigation or determination, as described in subdivision (b).

(d) The recommendation of the committee shall be in writing and a copy of the recommendation shall be delivered to the credentialholder or applicant personally or sent to him or her by certified mail within 14 days after the formal review, together with specific information relative to any appeal rights to which the credentialholder or applicant is entitled.

SEC. 10. Section 47632 of the Education Code is amended to read:

47632. For purposes of this chapter, the following terms shall be defined as follows:

(a) “General-purpose entitlement” means an amount computed by the formula set forth in Section 47633 beginning in the 1999–2000 fiscal year, which is based on the statewide average amounts of general-purpose funding from those state and local sources identified in Section 47633 received by school districts of similar type and serving similar pupil populations.

(b) “Categorical block grant” means an amount computed by the formula set forth in Section 47634 beginning in the 1999–2000 fiscal year, which is based on the statewide average amounts of categorical aid from those sources identified in Section 47634 received by school districts of similar type and serving similar pupil populations.

(c) “General-purpose funding” means those funds that consist of state aid, local property taxes, and other revenues applied toward a school district’s revenue limit, pursuant to Section 42238.

(d) “Categorical aid” means aid that consists of state or federally funded programs, or both, which are apportioned for specific purposes set forth in statute or regulation.

(e) “Economic impact aid-eligible pupils” means those pupils that are included in the economic impact aid-eligible pupil count pursuant to Section 54023. For purposes of applying Section 54023 to charter schools, “economically disadvantaged pupils” means the pupils described in paragraph (2) of subdivision (a) of Section 54026.

(f) “Educationally disadvantaged pupils” means those pupils who are eligible for subsidized meals pursuant to Section 49552 or are identified as English learners pursuant to subdivision (a) of Section 306, or both.

(g) “Operational funding” means all funding except funding for capital outlay.

(h) “School district of a similar type” means a school district that is serving similar grade levels.

(i) “Similar pupil population” means similar numbers of pupils by grade level, with a similar proportion of educationally disadvantaged pupils.

(j) “Sponsoring local educational agency” means the following:

(1) If a charter school is granted by a school district, the sponsoring local educational agency is the school district.

(2) If a charter is granted by a county office of education after having been previously denied by a school district, the sponsoring local educational agency means the school district that initially denied the charter petition.

(3) If a charter is granted by the state board after having been previously denied by a local educational agency, the sponsoring local educational agency means the local educational agency designated by the state board pursuant to paragraph (1) of subdivision (k) of Section 47605 or if a local educational agency is not designated, the local educational agency that initially denied the charter petition.

(4) For pupils attending county-sponsored charter schools who are eligible to attend those schools solely as a result of parental request pursuant to subdivision (b) of Section 1981, the sponsoring local educational agency means the pupils’ school district of residence.

(5) For pupils attending countywide charter schools pursuant to Section 47605.6 who reside in a basic aid school district, the sponsoring local educational agency means the school district of residence of the pupil. For purposes of this paragraph, “basic aid school district” means a school district that does not receive an apportionment of state funds pursuant to subdivision (h) of Section 42238.

SEC. 11. Section 47634.1 of the Education Code is amended to read:

47634.1. (a) Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:

(1) The Superintendent shall divide the total amount of funding appropriated for the purpose of this block grant in the annual Budget Act or another statute, less the total amount calculated in paragraph (2), by the statewide total of charter school average daily attendance, as determined at the second principal apportionment for the 2005–06 fiscal year.

(2) The statewide average amount, as computed by the Superintendent, of funding per identified educationally disadvantaged pupil received by school districts in the current fiscal year pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29. This amount shall be multiplied by the number of educationally disadvantaged pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022. For purposes of this subdivision, a pupil who is eligible for subsidized meals pursuant to Section 49552 and is identified as an English learner pursuant to subdivision (a) of Section 306 shall count as two pupils.

(3) For each charter school, the Superintendent shall multiply the amount calculated in paragraph (1) by the school's average daily attendance as determined at the second principal apportionment for the 2005–06 fiscal year.

(4) The Superintendent shall add the amounts computed in paragraphs (2) and (3). The resulting amount shall be the charter school categorical block grant that the Superintendent shall apportion to each charter school from funds appropriated for this purpose in the annual Budget Act or another statute. The Superintendent shall allocate an advance payment of this grant as early as possible, but no later than October 31, 2005, based on prior year average daily attendance as determined at the second principal apportionment or, for a charter school in its first year of operation that commences instruction on or before September 30, 2005, on estimates of average daily attendance for the current fiscal year determined pursuant to Section 47652.

(b) (1) For the 2006–07 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be four hundred dollars (\$400) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2006–07 fiscal year. This amount shall be supplemented by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per economic impact aid-eligible pupil count received by school districts in the current fiscal year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid-eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.

(c) (1) For the 2007–08 fiscal year, the categorical block grant allocated by the Superintendent for charter schools shall be five hundred dollars (\$500) per unit of charter school average daily attendance as determined at the second principal apportionment for the 2007–08 fiscal year. For each fiscal year thereafter, this per unit amount shall be adjusted for the cost-of-living adjustment, as determined pursuant to Section 42238.1, for that fiscal year. This amount shall be supplemented in the 2007–08 fiscal year and each fiscal year thereafter by the amount calculated in paragraph (2).

(2) The statewide average amount, as computed by the Superintendent, of funding per economic impact aid-eligible pupil count received by school districts in the current year, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, shall be multiplied by the number of economic impact aid-eligible pupils enrolled in the charter school. The resulting amount, if greater than zero, may not be less than the minimum amount of Economic Impact Aid funding to which a school district of similar size would be entitled pursuant to Section 54022.

(d) It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year. On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.

(e) Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.

(f) Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

SEC. 12. Section 49430.5 of the Education Code is amended to read:

49430.5. (a) The reimbursement a school receives for free and reduced price meals sold or served to pupils in elementary, middle, or high schools included within a school district, charter school, or county office of education shall be twenty-one cents (\$0.21).

(b) To qualify for the reimbursement for free and reduced price meals provided to pupils in elementary, middle, or high schools, a school shall follow the Enhanced Food Based Meal Pattern, Nutrient Standard Meal Planning, or Traditional Meal Pattern developed by the United States Department of Agriculture or the SHAPE Menu Patterns developed by the state.

(c) The reimbursement rates set forth in this section shall be adjusted annually for increases in cost of living in the same manner set forth in Section 42238.1.

SEC. 13. Article 4.5 (commencing with Section 52378) is added to Chapter 9 of Part 28 of the Education Code, to read:

## Article 4.5. Supplemental School Counseling Program

52378. The Middle and High School Supplemental Counseling Program is hereby established for the purpose of providing additional counseling services to pupils in grades 7 to 12, inclusive. As a condition of receiving funds, the governing board of each school district maintaining any of grades 7 to 12, inclusive, shall do all of the following:

(a) The program shall be adopted at a public meeting of the governing board and shall include all of the following:

(1) A provision for individualized review of the pupil's academic and department records.

(2) A provision for a counselor to meet with each pupil and if practicable, the parents or guardian of the pupil, to explain the academic and department records of the pupil, his or her educational options, the coursework and academic progress needed for satisfactory completion of middle or high school, passage of the high school exit examination and the availability of career technical education. The educational options explained at the meeting shall, if services are available, include college preparatory program and vocational programs, including regional occupational centers and programs and any other alternatives available to pupils within the district.

(b) In addition to the counseling services described in subdivision (a), school districts shall identify pupils who are at risk of not graduating with the rest of their class, are not earning credits at a rate that will enable them to pass the high school exit examination, or do not have sufficient training to allow them to fully engage in their chosen career, and shall do all of the following:

(1) Require each school within its jurisdiction that enrolls pupils in grades 10 and 12 to develop a list of coursework and experience necessary to assist each pupil in their respective grade that has not passed one or both parts of the high school exit examination and to successfully transition to postsecondary education or employment.

(2) Require each school within its jurisdiction that enrolls pupils in grade 7 to develop a list of coursework and experience necessary to assist each pupil in grade 7 who is deemed to be at the far below basic level in English language arts or mathematics pursuant to California Standards Tests administered to pupils in grade 6 to successfully transition to high school and meet all graduation requirements, including passing the high school exit examination.

(3) A copy of the list of coursework and experience necessary shall be provided to the pupil and his or her parent or legal guardian. The school district shall ensure that the list of coursework and experience is part of the cumulative records of the pupil.

(c) (1) In addition to the items identified in subdivision (b), the list of coursework and experience for a pupil enrolled in grade 12 shall include options for continuing his or her education if he or she fails to meet

graduation requirements. These options shall include, but not be limited to, all of the following:

- (A) Enrolling in an adult education program.
- (B) Enrolling in a community college.
- (C) Continuing enrollment in the pupil's school district.

(2) A copy of the list of coursework and experience necessary shall be provided to the pupil and his or her parent or legal guardian. The school district shall ensure that the list of coursework and experience is part of the cumulative records of the pupil.

(d) As a condition of receipt of funds pursuant to this article, a school district shall require each school within its jurisdiction to offer and schedule an individual conference with each pupil, identified in paragraphs (1) and (2) of subdivision (b), and his or her parent or legal guardian, and a school counselor. The individual conference shall be scheduled, to the extent feasible, according to the following requirements:

(1) For a pupil enrolled in grade 7, the conference shall occur before January of that school year in which the pupil is enrolled in grade 7.

(2) For a pupil enrolled in grade 10, the conference shall occur between the spring of that school year in which the pupil is enrolled in grade 10 and the fall of the following school year in which the pupil would be enrolled in grade 11. For the 2006–07 school year, the conference shall occur on or before December 31, 2006.

(3) For a pupil enrolled in grade 12, the conference shall occur after November of that school year in which the pupil is enrolled in grade 12, but before March of the same school year.

(e) During the individual conference described in subdivision (d), the school counselor shall apprise the pupil identified in paragraphs (1) and (2) of subdivision (b), and his or her parent or guardian of the following:

- (1) Consequences of not passing the high school exit examination.
- (2) Programs, courses, and career technical education options available for pupils needed for satisfactory completion of middle or high school.
- (3) Cumulative records and transcripts of the pupil.
- (4) Performance on standardized and diagnostic assessments of the pupil.

(5) Remediation strategies, high school courses, and alternative education options available to the pupil.

(6) Information on postsecondary education and training.

(7) The pupil's score on the English language arts or mathematics portion of the California Standards Test administered in grade 6, as applicable.

52379. (a) Funds appropriated in the annual Budget Act for the purposes of this chapter shall be allocated to school districts based on an equal amount per unit of average daily attendance in grades 7 to 12, inclusive, with the following minimum-grant exceptions:

(1) Five thousand dollars (\$5,000) for each school site that has 100 or fewer pupils enrolled in any of grades 7 to 12, inclusive.

(2) Ten thousand dollars (\$10,000) for each school site that has between 101 and 200 pupils enrolled in any of grades 7 to 12, inclusive.

(3) Thirty thousand dollars (\$30,000) or an amount per unit of average daily attendance, whichever is greater, for each school site with more than 200 pupils enrolled in any of grades 7 to 12, inclusive.

(b) Funds allocated pursuant to this section shall supplement, and not supplant, expenditures made by a school district for school counseling programs.

(c) For purposes of this section, a charter school is not eligible to receive a minimum grant but instead shall receive an amount per unit of average daily attendance in grades 7 to 12, inclusive.

52380. As a condition of receipt of funds pursuant to this chapter, a school district shall submit an annual report in a manner determined by the Superintendent that describes the number of pupils served, the number of school counselors involved in conferences, the number and percentage of pupils who participated in conferences and who successfully pass the high school exit examination, and the number and percentage of pupils who participated in conferences and who fail to pass one or both sections of the exit examination, and a summary of the most prevalent results for pupils based on the graduation plans developed pursuant to this chapter.

SEC. 14. Article 2 (commencing with Section 54020) of Chapter 1 of Part 29 of the Education Code is repealed.

SEC. 15. Article 2 (commencing with Section 54020) is added to Chapter 1 of Part 29 of the Education Code, to read:

#### Article 2. Economic Impact Aid

54020. It is the intent of the Legislature that funds authorized pursuant to this chapter replace, as of July 1, 1979, funds previously authorized to support educationally disadvantaged youth programs and bilingual education. To that end, the purpose of this article is to provide a method of impact aid allocation to be utilized by the Superintendent, that will allow efforts initiated under those programs to continue and expand so long as a need exists while previously unserved and underserved populations are provided with adequate aid.

54021. For the 2006–07 fiscal year, the Superintendent shall make the following calculations for each school district:

(a) Using the methodology specified in Section 54023, determine the economic impact aid-eligible pupil count for each school district for the 2005–06 fiscal year as if Section 54023 had been in effect for that fiscal year.

(b) Divide the school district economic impact aid calculated funding in the 2005–06 fiscal year, excluding the minimum grant specified in Section 54031, as it read during that fiscal year, by the number calculated pursuant to subdivision (a).

(c) For the purpose of calculating the economic impact aid allocations for the 2006–07 fiscal year, the quotient calculated in subdivision (b) shall be deemed to be the prior year economic impact aid per pupil amount for the 2006–07 fiscal year.

(d) For the purpose of establishing a base year economic impact aid per pupil amount pursuant to this section, if a school district received an allocation for the economic impact aid program in the 2005–06 fiscal year, but has no economic impact aid eligible pupils as determined in Section 54023 for that year, the school district shall be deemed to have a prior-year economic impact aid per pupil amount for the 2006–07 fiscal year that is equal to the statewide average economic impact aid per pupil amount for the 2005–06 fiscal year calculated for the state as a whole as specified in subdivisions (a) and (b).

54022. For the 2006–07 fiscal year and each fiscal year thereafter, each school district shall receive the amount of economic impact aid determined by the Superintendent pursuant to subdivision (b) or (c), whichever is greater, calculated for each school district according to all of the following:

(a) Increase the prior fiscal year economic impact aid per pupil amount by the percentage change specified in paragraph (2) of subdivision (b) of Section 42238.1 for the current fiscal year.

(b) Multiply the economic impact aid per pupil amount for the current fiscal year calculated in subdivision (a) by the economic impact aid-eligible pupil count for the current fiscal year as calculated in Section 54023.

(c) A school district shall, at a minimum, receive funds based on the number of economic impact aid-eligible pupils according to the following schedule:

(1) For the 2006–07 fiscal year, according to the following table:

Number of economic impact aid-eligible pupils	Amount
0.....	None
1–20.....	\$5,500
21 or more.....	\$8,300

(2) For the 2007–08 fiscal year and each fiscal year thereafter, the minimum amounts for the schedule in paragraph (1) for the prior fiscal year shall be increased by the percentage change specified in paragraph (2) of subdivision (b) of Section 42238.1.

54023. For the 2006–07 fiscal year and each fiscal year thereafter, the economic impact aid-eligible pupil count shall be calculated for each school district as follows:

(a) Determine the count of economically disadvantaged pupils for the current fiscal year, as defined in Section 54026.

(b) Determine the count of English learners for the current fiscal year, as defined in subdivision (b) of Section 54026.

(c) Calculate an economic impact aid weighted pupil concentration factor:

- (1) Add the pupil counts determined in subdivisions (a) and (b).
- (2) Divide the fall CBEDS enrollment for the school district for the prior school year by two.
- (3) Subtract from the sum calculated in paragraph (1) the quotient calculated in paragraph (2).
- (4) If the result of the calculation in paragraph (3) is greater than zero, multiply that difference by 0.5. If the result is less than zero, it shall be deemed to be zero.

(d) The economic impact aid-eligible pupil count for each school district shall equal the sum of the pupil counts determined in subdivisions (a) and (b), and the weighted pupil concentration factor determined in subdivision (c).

54024. The state board may, pursuant to Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, waive any statutory provision or regulation regarding the use of funds apportioned pursuant to this article, provided that the funds are used in the same schools, or in schools with similar need levels, and the district demonstrates a reasonable case that the waiver will improve pupil services in those schools.

54025. (a) A school district shall expend economic impact aid funds to serve and assist English learners and economically disadvantaged pupils and may not expend those funds at schoolsites that do not have English learners or economically disadvantaged pupils.

(b) A school shall use funds received pursuant to this article to support programs and activities designed to assist English learners achieve proficiency in the English language as rapidly as practicable and to support programs and activities designed to improve the academic achievement of English learners and economically disadvantaged pupils.

(c) Funds received by school districts pursuant to this article shall supplement, and not supplant, existing resources at the schoolsite.

54026. For purposes of this article, the following definitions apply:

(a) “Economically disadvantaged pupils” means either of the following, whichever is applicable:

(1) Pupils described in Section 101 of Title I of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6333(c)(1)(A)(B)).

(2) Notwithstanding paragraph (1), for a small school district, the product of the number of pupils eligible for participation in the free meals program for the prior fiscal year, as defined in subdivision (d), and the free meals adjustment factor. The free meals adjustment factor is the quotient, rounded to two decimal places, resulting from dividing the statewide total of economically disadvantaged pupils as defined in paragraph (1) by the statewide total of pupils eligible for participation in the free meals program for the prior fiscal year, as defined in subdivision (d). For purposes of this subdivision, the department may substitute the current year counts of a charter school that is established on or after July 1, 2006, but not through

the conversion of an existing public school, for prior year counts of pupils eligible for participation in free meals.

(b) “English learner” means a pupil described in subdivision (a) of Section 306 or identified as a pupil of limited English proficiency, as that term is defined in subdivision (m) of Section 52163.

(c) “Small school district” means a school district that has an annual enrollment of less than 600 pupils based on prior school year CBEDS data and is, for the purposes of this section, designated a rural school by the Superintendent based on the appropriate school locale codes, as used by the National Center for Education Statistics of the United State Department of Education.

(d) “Free meals” means the aggregate number of pupils meeting the income eligibility guidelines established by the federal government for free meals as reported for all schools for which the district is the authorizing agency.

54027. If a school district reorganizes either by unification or by consolidation with another school district of similar type, the Superintendent shall calculate an economic impact aid per pupil amount based on the respective per pupil amounts for each school district participating in the reorganization, weighted by the number of economic impact aid-eligible pupils contributed by each school district. The Superintendent shall use the appropriate data from the year prior to the year that the reorganization is effective for all purposes.

54028. Notwithstanding any other provision of law, the provisions of this article are subject to Sections 62002.5 and 62004, and to the portions of Section 62003 that relate to auditing the use of funds allocated for purposes of economic impact aid.

SEC. 16. Article 4 (commencing with Section 54040) of Chapter 1 of Part 29 of the Education Code is repealed.

SEC. 17. Section 56836.155 of the Education Code is amended to read:

56836.155. (a) On or before November 2, 1998, the department, in conjunction with the Office of the Legislative Analyst, shall do the following:

(1) Calculate an “incidence multiplier” for each special education local plan area using the definition, methodology, and data provided in the final report submitted by the American Institutes for Research pursuant to Section 67 of Chapter 854 of the Statutes of 1997.

(2) Submit the incidence multiplier for each special education local plan area and supporting data to the Department of Finance.

(b) The Department of Finance shall review the incidence multiplier for each special education local plan area and the supporting data, and report any errors to the department and the Office of the Legislative Analyst for correction.

(c) The Department of Finance shall approve the final incidence multiplier for each special education local plan area by November 23, 1998.

(d) For the 1998–99 fiscal year and each fiscal year thereafter to and including the 2006–07 fiscal year, the Superintendent shall perform the following calculation to determine each special education local plan area's adjusted entitlement for the incidence of disabilities:

(1) The incidence multiplier for the special education local plan area shall be multiplied by the statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11 for the fiscal year in which the computation is made.

(2) The amount determined pursuant to paragraph (1) shall be added to the statewide target amount per unit of average daily attendance for special education local plan area determined pursuant to Section 56836.11 for the fiscal year in which the computation is made.

(3) Subtract the amount of funding for the special education local plan area determined pursuant to paragraph (1) of subdivision (a) or paragraph (1) of subdivision (b) of Section 56836.08, as appropriate for the fiscal year in which the computation is made, or the statewide target amount per unit of average daily attendance for special education local plan areas determined pursuant to Section 56836.11 for the fiscal year in which the computation is made, whichever is greater, from the amount determined pursuant to paragraph (2). For the purposes of this paragraph for the 2002–03, 2003–04, 2004–05, 2005–06, and 2006–07 fiscal years, the amount, if any, received pursuant to Section 56836.159 shall be excluded from the funding level per unit of average daily attendance for a special education local plan area. If the result is less than zero, the special education local plan area may not receive an adjusted entitlement for the incidence of disabilities.

(4) Multiply the amount determined in paragraph (3) by either the average daily attendance reported for the special education local plan area for the fiscal year in which the computation is made, as adjusted pursuant to subdivision (a) of Section 56836.15, or the average daily attendance reported for the special education local plan area for the prior fiscal year, as adjusted pursuant to subdivision (a) of Section 56826.15, whichever is less.

(5) If there are insufficient funds appropriated in the fiscal year for which the computation is made for the purposes of this section, the amount received by each special education local plan area shall be prorated.

(e) For the 1997–98 fiscal year, the Superintendent shall perform the calculation in paragraphs (1) to (3), inclusive, of paragraph (d) only for the purposes of making the computation in paragraph (1) of subdivision (d) of Section 56836.08, but the special education local plan area may not receive an adjusted entitlement for the incidence of disabilities pursuant to this section for the 1997–98 fiscal year.

SEC. 18. Section 56836.21 of the Education Code is amended to read:

56836.21. (a) The department shall administer an extraordinary cost pool to protect special education local plan areas from the extraordinary costs associated with single placements as described in subdivision (d). Funds shall be appropriated for this purpose in the annual Budget Act.

Special education local plan areas shall be eligible for reimbursement from this pool in accordance with this section.

(b) The threshold amount for claims under this section shall be the lesser of the following:

(1) One percent of the allocation calculated pursuant to Section 56836.08 for the special education local plan area for the current fiscal year for any special education local plan area that meets the criteria in Section 56212.

(2) The department shall calculate the average cost of a nonpublic, nonsectarian school placement in the 1997–98 fiscal year. This amount shall be multiplied by 2.5, then by one plus the inflation factor computed pursuant to Section 42238.1, to obtain the alternative threshold amount for claims in the 1998–99 fiscal year. In subsequent fiscal years, the alternative threshold amount shall be the alternative threshold amount for the prior fiscal year multiplied by one plus the inflation factor computed pursuant to Section 42238.1.

(c) Special education local plan areas are eligible to submit claims for costs exceeding the threshold amount on forms developed by the department. All claims for a fiscal year shall be submitted by November 30 following the close of the fiscal year. If the total amount claimed by special education local plan areas exceeds the amount appropriated, the claims shall be prorated.

(d) Special education local plan areas are eligible to submit claims for the costs of nonpublic, nonsectarian school placements in excess of those in existence in the 1997–98 fiscal year and of special education and related services for pupils who reside in licensed children’s institutions.

SEC. 19. Section 56867 of the Education Code is amended to read:

56867. (a) The State Department of Education is responsible for monitoring the Division of Juvenile Justice of the Department of Corrections and Rehabilitation for compliance with state and federal laws and regulations regarding special education.

(b) Notwithstanding any other provision of law, the State Department of Education and the California State University shall enter into an interagency agreement under which the Center for the Study of Correctional Education, located on the California State University, San Bernardino campus, shall provide technical assistance to the State Department of Education regarding compliance with state and federal laws and regulations regarding special education at the Division of Juvenile Justice of the Department of Corrections and Rehabilitation.

(c) The State Department of Education shall prepare the interagency agreement in consultation with the California State University, San Bernardino, and the superintendent of education for the Division of Juvenile Justice of the Department of Corrections and Rehabilitation. The interagency agreement shall require the center to provide all of the following services to the Special Education Division of the State Department of Education:

(1) Assistance in providing reviews and assessments of special education at each schoolsite in the Division of Juvenile Justice of the Department of Corrections and Rehabilitation.

(2) Assistance in drafting reports of findings for each review.

(3) Assistance in drafting corrective action plans, based on preliminary findings of noncompliance that include specific suggested outcomes to achieve compliance, and other instruments conveying recommendations and suggestions resulting from reviews and assessments.

(4) Onsite technical assistance and support to the Division of Juvenile Justice of the Department of Corrections and Rehabilitation, as authorized by the Special Education Division of the State Department of Education.

(5) Identifying and developing suggested draft protocols and best practices for providing special education services in correctional settings.

(6) Developing suggested draft protocols and a suggested draft best practices model for providing monitoring and technical assistance services for special education in youthful correctional settings.

(7) Evaluating the training needs and priorities of educational personnel serving wards with exceptional needs at the Division of Juvenile Justice of the Department of Corrections and Rehabilitation.

(8) Reviewing the Division of Juvenile Justice of the Department of Corrections and Rehabilitation current special education local plan, policies, procedures, and forms of the Division of Juvenile Justice of the Department of Corrections and Rehabilitation for compliance with state and federal special education law and, with the approval of the State Department of Education, providing suggested revisions as necessary to provide better compliance and to better reflect the best practices in a correctional setting.

(d) Technical assistance provided pursuant to this section shall reflect existing or subsequently adopted standards for state and federal compliance. Reviews conducted pursuant to this section shall include, but not be limited to, assessments of the following special education services for wards at the Division of Juvenile Justice of the Department of Corrections and Rehabilitation with exceptional needs:

(1) Identification and assessment of wards with exceptional needs.

(2) Parent notification, consent, and participation.

(3) Individual education plan development and content, including behavior intervention and transition plans.

(4) Assessment of ward progress.

(5) Provision of services in the least restrictive environment maximizing inclusion.

(6) Services to pupils who are not proficient in English.

(7) Observance of procedural safeguards and compliance with state and federal law.

(e) Commencing no later than one year after entering into the interagency agreement specified in this section and annually thereafter until termination of the agreement, with the assistance of the center, the State Department of Education shall provide interim status reports of the

services received from the center pursuant to this section to the Department of Finance and the Legislature.

(f) No later than December 1, 2006, the State Department of Education shall submit a report to the Legislature on the usefulness of the services received from the center pursuant to the interagency agreement required by this section.

(g) The interagency agreement required by this section shall be funded through an appropriation made in the annual Budget Act with federal funds made available for state agencies under Part B of the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 and following).

(h) This section shall remain in effect only until July 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before July 1, 2007, deletes or extends that date.

SEC. 20. Section 62000.2 of the Education Code is amended to read:

62000.2. The following programs shall sunset on June 30, 1987:

- (a) Miller-Unruh Basic Reading Act of 1965.
- (b) School improvement program.
- (c) Bilingual education.

SEC. 21. The heading of Article 5.6 (commencing with Section 69616) of Chapter 2 of Part 42 of the Education Code is amended and renumbered to read:

Article 5.3. State Nursing Assumption Program of Loans for Education (SNAPLE)

SEC. 22. Section 69616 of the Education Code is amended to read:

69616. (a) The Legislature hereby recognizes the growing need for new faculty members in the nursing field at California's colleges and universities. This need will be fueled largely by the large number of current faculty approaching retirement age who will need to be replaced and the expected growth in enrollment demand in California. Further, to increase the supply of nurses in California, there must be an expansion of nursing educator opportunities in public colleges and universities that will produce the necessary faculty to teach in nursing programs in the state.

(b) The Legislature finds that the rising costs of higher education, coupled with a shift in available financial aid from scholarships and grants to loans, make loan repayment options an important consideration in a student's decision to pursue a graduate degree in nursing education or in a field related to nursing.

(c) It is the intent of the Legislature that the State Nursing Assumption Program of Loans for Education (SNAPLE) be designed to encourage persons to complete their graduate educations and serve as nursing faculty in a registered nursing program at an accredited California college or university.

(d) As used in this article, “commission” means the Student Aid Commission.

SEC. 23. Section 69616.1 of the Education Code is amended to read:

69616.1. (a) Program participants shall meet all of the following eligibility criteria prior to selection into the program and shall continue to meet these criteria, as appropriate, during the payment periods:

(1) The participant shall be a United States citizen or eligible noncitizen.

(2) The participant shall be a California resident attending an eligible school or college.

(3) The participant shall be making satisfactory academic progress.

(4) The participant shall have complied with United States Selective Service requirements.

(5) The participant shall not owe a refund on any state or federal educational grant or have delinquent or defaulted student loans.

(b) Any person enrolled in an institution of postsecondary education and participating in the loan assumption program set forth in this article may be eligible to receive a conditional warrant for loan assumption, to be redeemed pursuant to this act upon becoming employed as a full-time nursing faculty member at a California college or university or the equivalent of full-time service as a nursing faculty member employed part time at two or more California colleges or universities.

(c) (1) The commission shall award loan assumption agreements to undergraduate students with demonstrated academic ability and financial need, as determined by the commission pursuant to Article 1.5 (commencing with Section 69503), and to graduate students with demonstrated academic ability.

(2) The applicant shall have completed a baccalaureate degree program or be enrolled in an academic program leading to a baccalaureate level or a graduate level degree.

(3) The applicant shall be currently enrolled in or admitted to a program in which he or she will be enrolled on at least a half-time basis each academic term as defined by an eligible institution. The applicant shall agree to maintain satisfactory academic progress.

(4) The applicant shall have been judged by his or her postsecondary institution to have outstanding ability on the basis of criteria that may include, but need not be limited to, any of the following:

(A) Grade point average.

(B) Test scores.

(C) Faculty evaluations.

(D) Interviews.

(E) Other recommendations.

(5) The applicant shall have received, or be approved to receive, a loan under one or more of the following designated loan programs:

(A) The Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.).

(B) The Federal Direct Loan Program.

(C) Any loan program approved by the commission.

(6) The applicant shall have agreed to teach nursing on a full-time basis at one or more accredited California colleges or universities for at least three years, or on a part-time basis for the equivalent of three full-time academic years, commencing not more than 12 months after obtaining an academic degree, unless the applicant, within 12 months after obtaining the academic degree, enrolls in an academic degree program leading to a more advanced degree in nursing or a field related to nursing.

(7) An applicant who teaches on less than a full-time basis may participate in the program, but is not eligible for loan repayment until that person teaches for the equivalent of a full-time academic year.

(d) A person participating in the program pursuant to this section shall not receive more than one loan assumption agreement.

SEC. 24. Section 69616.2 of the Education Code is amended to read:

69616.2. The commission shall commence loan assumption payments pursuant to this article upon verification that the applicant has fulfilled all of the following:

(a) The applicant has received a baccalaureate degree or a graduate degree from an accredited, participating institution.

(b) The applicant has provided the equivalent of full-time nursing instruction at one or more regionally accredited California colleges or universities for one academic year or the equivalent.

(c) The applicant has met the requirements of the loan assumption agreement and all other conditions of this article.

SEC. 25. Section 69616.3 of the Education Code is amended to read:

69616.3. The terms of the loan assumptions granted under this article shall be as follows, subject to the specific terms of each loan assumption agreement:

(a) After a program participant has completed one academic year, or the equivalent of full-time teaching nursing studies, at one or more regionally accredited, eligible California colleges or universities, the commission shall assume up to eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs.

(b) After the program participant has completed two consecutive academic years, or the equivalent of full-time teaching, at one or more regionally accredited California colleges or universities, the commission shall assume up to an additional eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to sixteen thousand six hundred sixty-six dollars (\$16,666).

(c) After a program participant has completed three consecutive academic years, or the equivalent of full-time teaching, at one or more regionally accredited California colleges or universities, the commission shall assume up to an additional eight thousand three hundred thirty-four dollars (\$8,334) of the outstanding liability of the participant under one or

more of the designated loan programs, for a total loan assumption of up to twenty-five thousand dollars (\$25,000).

(d) The commission may assume liability for loans received by the program participant to pay for the costs of obtaining the program participant's undergraduate and graduate degrees.

(e) The term of the loan assumption agreement shall be not more than 10 years from the date on which the agreement was executed by the program participant and the commission.

SEC. 26. Section 69616.4 of the Education Code is amended to read:

69616.4. (a) Except as provided in subdivision (b), if a program participant fails to complete a minimum of three academic years of teaching on a full-time basis or the equivalent on a part-time basis, as required by this article under the terms of the agreement pursuant to paragraph (6) of subdivision (c) of Section 69616.1, the loan assumption agreement is no longer effective and shall be deemed terminated, and the commission shall not make any further payments. The participant shall resume responsibility for any remaining loan obligations, but shall not be required to repay any loan payments previously made through this program.

(b) Notwithstanding subdivision (a), if a program participant becomes unable to complete one of the three years of teaching service on a full-time basis, or the equivalent on a part-time basis, due to a serious illness, pregnancy, or other natural causes, the term of the loan assumption agreement shall be extended for a period not to exceed one academic year. The commission shall make no further payments under the loan assumption agreement until the applicable teaching requirements specified in Section 69616.3 have been satisfied.

(c) If a natural disaster prevents a program participant from completing one of the required years of teaching service due to the interruption of instruction at the employing accredited California college or university, the term of the loan assumption agreement shall be extended for the period of time equal to the period from the interruption of instruction at the employing accredited California college or university to the resumption of instruction. The commission shall make no further payments under the loan assumption agreement until the applicable teaching requirements specified in Section 69616.3 have been satisfied.

SEC. 27. Section 69616.5 of the Education Code is amended to read:

69616.5. (a) The commission shall accept nominations from accredited colleges and universities made pursuant to this article.

(b) The commission shall choose from among those nominations of undergraduate students deemed financially needy with outstanding student loans pursuant to Article 1.5 (commencing with Section 69503), and of graduate students with outstanding student loans, based upon criteria that may include, but are not necessarily limited to, all of the following:

(1) Grades at the undergraduate level in a subject field related to nursing.

(2) Grades in the undergraduate program.

- (3) Aptitude for graduate work in the field of nursing.
- (4) General aptitude for graduate study.
- (5) Critical human resource needs.

(c) The commission may develop additional criteria for the selection of award recipients consistent with the purposes of this article.

SEC. 28. Section 69741.5 of the Education Code is amended to read:

69741.5. (a) Participants in this program are eligible for a maximum of eleven thousand dollars (\$11,000) in loan assistance for four years, as follows:

(1) For the first year, two thousand dollars (\$2,000) in loan repayment assistance.

(2) For the second, third, and fourth years, three thousand dollars (\$3,000) in loan repayment assistance for each year.

(b) Notwithstanding any other provision of law, in any fiscal year, the commission shall award no more than the number of warrants that are authorized in the annual Budget Act for that fiscal year for the assumption of loans pursuant to this article.

SEC. 29. Section 69744 of the Education Code is amended to read:

69744. The commission may use the funds appropriated for the program for the purpose of loan repayments and to defray reasonable administrative costs. The commission shall annually establish the total amount of funding to be awarded for loan repayments. Allocation of funds shall be established based upon the best use of funding for that year, as determined by the commission.

SEC. 30. Section 69746.5 is added to the Education Code, to read:

69746.5. The commission shall submit an annual written report to the Legislature regarding this program. The report shall include, but not necessarily be limited to, all of the following data:

(a) The total number of loan repayment awards made under the program in the immediately preceding fiscal year, classified by the repayment year as described in subdivision (a) of Section 69741.5.

(b) The total amount of funds expended for the purposes of loan repayments, and the total amount of funds expended to defray administrative costs, in the immediately preceding fiscal year.

(c) The annual and cumulative attrition rates of participants, as calculated through the end of the immediately preceding fiscal year.

SEC. 31. Section 69747 of the Education Code is repealed.

SEC. 32. Section 69748 of the Education Code is repealed.

SEC. 33. Section 76300 of the Education Code is amended to read:

76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be twenty dollars (\$20) per unit per semester, effective with the spring term of the 2006–07 academic year.

(2) The board of governors shall proportionately adjust the amount of the fee for term lengths based upon a quarter system, and also shall proportionately adjust the amount of the fee for summer sessions,

intersessions, and other short-term courses. In making these adjustments, the board of governors may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750, the board of governors shall subtract, from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The board of governors shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course, including administrative costs, is paid by the public or private agency, corporation, or association with which the district is contracting and if these students are not included in the calculation of the full-time equivalent students (FTES) of that district.

(f) The governing board of a community college district may exempt special part-time students admitted pursuant to Section 76001 from the fee requirement.

(g) (1) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a recipient of benefits under the Temporary Assistance to Needy Families program, the Supplemental Security Income/State Supplementary Program, or a general assistance program or has demonstrated financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid.

(2) The governing board of a community college district also shall waive the fee requirements of this section for any student who demonstrates eligibility according to income standards established by regulations of the board of governors.

(3) Paragraphs (1) and (2) may be applied to a student enrolled in the 2005–06 academic year if the student is exempted from nonresident tuition under paragraph (3) of subdivision (a) of Section 76140.

(h) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a dependent, or surviving spouse who has not remarried, of any member of the California National Guard who, in the line of duty and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the

active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. “Active service of the state,” for the purposes of this subdivision, refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(i) The fee requirements of this section shall be waived for any student who is the surviving spouse or the child, natural or adopted, of a deceased person who met all of the requirements of Section 68120.

(j) The fee requirements of this section shall be waived for any student in an undergraduate program, including a student who has previously graduated from another undergraduate or graduate program, who is the dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if that dependent meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following applies:

(1) The dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.

(k) A determination of whether a person is a resident of California on September 11, 2001, for purposes of subdivision (j) shall be based on the criteria set forth in Chapter 1 (commencing with Section 68000) of Part 41 for determining nonresident and resident tuition.

(l) (1) “Dependent,” for purposes of subdivision (j), is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under subdivision (j) until that person attains the age of 30 years.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

(m) (1) It is the intent of the Legislature that sufficient funds be provided to support the provision of a fee waiver for every student who demonstrates eligibility pursuant to subdivisions (g) to (j), inclusive.

(2) From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to 2 percent of the fees waived pursuant to subdivisions (g) to (j), inclusive. From funds provided in the annual

Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to ninety-one cents (\$0.91) per credit unit waived pursuant to subdivisions (g) to (j), inclusive, for determination of financial need and delivery of student financial aid services, on the basis of the number of students for whom fees are waived. Funds allocated to a community college district for determination of financial need and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 1992–93 fiscal year.

(n) The board of governors shall adopt regulations implementing this section.

SEC. 34. Section 89721 of the Education Code is amended to read:

89721. Notwithstanding any other provision of law, the chief fiscal officer of each campus of the California State University shall deposit into and maintain in local trust accounts or in trust accounts in accordance with Sections 16305 to 16305.7, inclusive, of the Government Code, or in the California State University Trust Fund, moneys received in connection with the following sources or purposes:

(a) Gifts, bequests, devises, and donations received under Section 89720.

(b) Any student loan or scholarship fund program, including but not limited to, student loan programs of the state, federal government (including programs referred to in Section 89723), local government, or private sources.

(c) Advance payment for anticipated expenditures or encumbrances in connection with federal grants or contracts.

(d) Room, board, and similar expenses of students enrolled in the international program of the California State University.

(e) Cafeteria replacement funds.

(f) Miscellaneous receipts in the nature of deposits subject to return upon approval of a proper application.

(g) Fees and charges for services, materials, and facilities authorized by Section 89700 if these fees or charges are required of those persons who, at their option, use the services or facilities, or are provided the materials, for which the fees or charges are made. Fees and charges so received and deposited shall be used solely to meet the costs of providing these services, materials, and facilities.

(h) Fees for instructionally related activities as defined by the trustees and as authorized by Section 89700 and revenues derived from the conduct of the instructionally related activities. The trustees shall have all authority necessary to administer and use the fees and revenues received and deposited to support such instructionally related activities.

(i) Fees for parking, health facilities or health services, and for extension programs, special sessions, and other self-supporting instructional programs.

(j) Revenue received by the trustees from the California State Lottery Education Fund pursuant to Section 8880.5 of the Government Code.

(k) Moneys received by the trustees for research, workshops, conferences, institutes, and special projects.

(l) Moneys collected as higher education fees and income from students of any campus of the California State University and from other persons pursuant to Section 89700. The Controller shall have the authority to audit the expenditure of these funds.

SEC. 35. (a) For the 2006–07 fiscal year, the Superintendent shall add to the amount determined pursuant to Section 54022 of the Education Code for each school district a supplemental adjustment calculated as follows:

(1) Calculate the difference between the number six hundred (600) and the number that is equal to the per pupil economic impact aid amount for the school district calculated pursuant to subdivision (b) of Section 54022.

(2) If the difference pursuant to subdivision (a) is greater than zero, multiply that difference by the economic impact aid-eligible pupil count for the school district for the current school year.

(3) Calculate the available funds factor by dividing the funds available for supplemental adjustments pursuant to this section, as specified in subdivision (e), by the product pursuant to subdivision (b) for all school districts.

(4) Multiply the amount calculated pursuant to subdivision (b), if applicable, by the available funds factor calculated in subdivision (c). The result is the adjustment a school district shall receive for the 2006–07 fiscal year pursuant to this section.

(5) Determine the funds available for the supplemental adjustment according to the following calculation:

(A) Calculate the total statewide economic impact aid allocation amount for the 2006–07 fiscal year as the sum of each school districts allocation determined pursuant to Section 54022 of the Education Code.

(B) From the total of funds appropriated for the purposes of this article in the 2006–07 fiscal year, subtract the amount determined in paragraph (1). This remainder is the amount of funds available for the economic impact aid adjustment allocated pursuant to this section.

(b) For the 2007–08 fiscal year, the Superintendent shall add to the economic impact aid per pupil amount calculated pursuant to subdivision (a) of Section 54022 of the Education Code the quotient that is equal to the adjustment received by each school district pursuant to this section in the 2006–07 fiscal year divided by the economic impact aid-eligible pupil count for the 2006–07 fiscal year.

SEC. 36. Notwithstanding subdivision (a) of Section 54022 of the Education Code, the Superintendent of Public Instruction shall not, for the 2006–07 fiscal year, increase the prior year economic impact aid per pupil amount for a school district, as specified in that subdivision, if the prior year amount is greater than six hundred dollars (\$600).

SEC. 37. (a) Three hundred eighty-eight million two hundred eighty-three thousand dollars (\$388,283,000) is hereby appropriated from the General Fund, for expenditure during the 2007–08 fiscal year, in accordance with the following schedule:

(1) Six million two hundred twenty-seven thousand dollars (\$6,227,000) to the State Department of Education for apprenticeship programs to be expended consistent with the requirements specified in Item 6110-103-0001 of Section 2.00 of the Budget Act of 2006.

(2) Sixty-three million three hundred ninety-one thousand dollars (\$63,391,000) to the State Department of Education for supplemental instruction to be expended consistent with the requirements specified in Item 6110-104-0001 of Section 2.00 of the Budget Act of 2006. Of the amount appropriated by this paragraph, fifty-one million sixty-one thousand dollars (\$51,061,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2006, and twelve million three hundred thirty thousand dollars (\$12,330,000) shall be expended consistent with Schedule (2) of that item.

(3) Twenty-six million seven hundred twenty-six thousand dollars (\$26,726,000) to the State Department of Education for the Pupil Retention Block Grant to be expended consistent with the requirements specified in Item 6110-243-0001 of Section 2.00 of the Budget Act of 2006.

(4) Thirty-nine million six hundred thirty thousand dollars (\$39,630,000) to the State Department of Education for regional occupational centers and programs to be expended consistent with the requirements specified in Schedule (1) of Item 6110-105-0001 of Section 2.00 of the Budget Act of 2006.

(5) Fifty-two million five hundred eighty-three thousand dollars (\$52,583,000) to the State Department of Education for home-to-school transportation to be expended consistent with the requirements specified in Schedule (1) of Item 6110-111-0001 of Section 2.00 of the Budget Act of 2006.

(6) Four million two hundred ninety-four thousand dollars (\$4,294,000) to the State Department of Education for the Gifted and Talented Pupil Program to be expended consistent with the requirements specified in Item 6110-124-0001 of Section 2.00 of the Budget Act of 2006.

(7) Forty-five million eight hundred ninety-six thousand dollars (\$45,896,000) to the State Department of Education for adult education to be expended consistent with the requirements specified in Schedule (1) of Item 6110-156-0001 of Section 2.00 of the Budget Act of 2006.

(8) Four million seven hundred fifty-one thousand dollars (\$4,751,000) to the State Department of Education for community day schools to be expended consistent with the requirements specified in of Item 6110-190-0001 of Section 2.00 of the Budget Act of 2006.

(9) Five million nine hundred forty-seven thousand dollars (\$5,947,000) to the State Department of Education for categorical block

grants for charter schools to be expended consistent with the requirements specified in Item 6110-211-0001 of Section 2.00 the Budget Act of 2006.

(10) Thirty-eight million seven hundred twenty thousand dollars (\$38,720,000) to the State Department of Education for the School Safety Block Grant to be expended consistent with the requirements specified in Schedule (1) of Item 6110-228-0001 of Section 2.00 of the Budget Act of 2006.

(11) One hundred million one hundred eighteen thousand dollars (\$100,118,000) to the State Department of Education for Targeted Instructional Improvement Grant Program to be expended consistent with the requirements specified in Item 6110-246-0001 of Section 2.00 of the Budget Act of 2006.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2007–08 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2007–08 fiscal year.

SEC. 38. (a) Two hundred million dollars (\$200,000,000) is hereby appropriated to the Board of Governors of the California Community Colleges for apportionments to community college districts, for expenditure during the 2007–08 fiscal year, to be expended in accordance with the requirements specified in Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) of this section shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2007–08 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2007–08 fiscal year.

SEC. 39. Notwithstanding any other law, the funds appropriated pursuant to Items 6110-103-0001, 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-161-0001, 6110-190-0001, 6110-211-0001, and 6110-243-0001 of Section 2.00 of the Budget Act of 2006 shall be available for liquidation through July 31, 2009, and after that date, all remaining unexpended funds in those items shall revert to the Proposition 98 Reversion Account.

SEC. 40. (a) (1) Notwithstanding subdivision (d) of Section 41207 of the Education Code, the sum of sixteen million eight hundred eleven thousand dollars (\$16,811,000) of the funds appropriated in Section 21 of Chapter 491 of the Statutes of 2005 and one hundred thirty-three million

one hundred eighty-nine thousand dollars (\$133,189,000) of the funds appropriated in subdivision (a) of Section 44 of this act shall be in lieu of the amount of one hundred fifty million dollars (\$150,000,000) that would have otherwise been appropriated for the 2006–07 fiscal year pursuant to subdivision (d) of Section 41207 of the Education Code.

(2) One hundred twenty-five million dollars (\$125,000,000) of the amount described in subparagraph (A) of, and the twenty-five million dollars (\$25,000,000) described in subparagraph (B) of, paragraph (3) of subdivision (a) of Section 44 of this act shall be in lieu of the amount of one hundred fifty million dollars (\$150,000,000) that would have otherwise been appropriated for the 2007–08 fiscal year required pursuant to subdivision (d) of Section 41207.

SEC. 41. Notwithstanding Sections 42238.1 and 42238.15 of the Education Code or any other law, the cost-of-living adjustment for Items 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-158-0001, 6110-161-0001, 6110-189-0001, 6110-190-0001, 6110-196-0001, 6110-232-0001, 6110-234-0001, 6110-244-0001, and 6110-246-0001 of Section 2.00 of the Budget Act of 2006, and those items identified in subdivision (b) of Section 12.40 of the Budget Act of 2006, shall be 5.92 percent. All funds appropriated in the items identified in this section are in lieu of the amounts that would otherwise be appropriated pursuant to any other law.

SEC. 42. (a) The amount of three hundred fifty million dollars (\$350,000,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for the 2006–07 fiscal year for the purposes of Section 42238.48 of the Education Code, to be allocated to school districts on a prorated basis.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2006–07 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2006–07 fiscal year.

SEC. 43. (a) Two billion three hundred five million six hundred ninety-five thousand dollars (\$2,305,695,000) is hereby appropriated from the General Funds for the 2005–06 fiscal year in accordance with the following schedule:

(1) Six hundred fifty million sixty-two thousand dollars (\$650,062,000) to the Controller for allocation as appropriate for the reimbursement of state-mandated local cost claims submitted by local education agencies for the 1995–96 to 2005–06 fiscal years, inclusive.

(A) The Controller shall use the funds described in this paragraph to pay claims submitted by school districts and county offices of education pursuant to Chapter 4 (commencing with Section 17550) of Part 7 of

Division 4 of Title 2 of the Government Code for the 1995–96 to 2005–06 fiscal years, inclusive. The Controller shall pay the claims according to the following order of priority:

(i) First, the oldest claims no longer subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest.

(ii) Second, claims still subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest. The Controller may adjust the amounts paid for these claims on the basis of the final audits. Any repayment resulting from an audit may be counted towards future claims submitted by the local educational agency.

(B) No payments shall be made for any claims for the Standardized Testing and Reporting (STAR) or National Norm-Referenced Achievement Test programs, Schoolsite Councils, Brown Act and Open Meetings Act, School Bus Safety II, Grand Jury Proceedings, or the removal of chemicals.

(2) Four hundred million one hundred twenty-five thousand dollars (\$400,125,000) to the Superintendent of Public Instruction for allocation to school districts according to the following provisions:

(A) The funds appropriated pursuant to this paragraph shall be allocated to school districts on the basis of an equal amount per pupil enrolled in the district in the 2006–07 fiscal year, including pupils enrolled in adult education programs and pupils enrolled in regional occupational centers and programs based on the fall California Basic Educational Data System (CBEDS) enrollment data, except that pupil enrollment in adult education programs and regional occupational centers and programs shall be determined based on their calculated average daily attendance (ADA) for base funding allocations. The ADA for this purpose shall be considered final as of the second principal apportionment for fiscal year 2006–07. The governing board of each school district shall allocate the funds on an equal per-pupil basis to the schools within its jurisdiction for expenditure pursuant to this section. The Superintendent of Public Instruction shall make an initial apportionment of up to 75 percent of the funds on the basis of the enrollment in the 2005–06 fiscal year and shall make a final apportionment of the remaining funds in a manner that ensures that the total funds apportioned pursuant to this section are distributed on the basis of 2006–07 enrollment or ADA, as applicable.

(B) For the purposes of this paragraph, “school” shall include locally funded charter schools that have pupils who are currently enrolled and that have a current county-district-school (CDS) code, as maintained by the Superintendent of Public Instruction as of July 1, 2006. The use of the funds allocated to charter schools pursuant to this section shall further the program specified in the school’s charter and shall not be allocated to parents, pupils, or staff of the charter school.

(C) The use of funds allocated pursuant to this paragraph for schools under the jurisdiction of a school district shall be proposed by each school’s schoolsite council of each school, or, if the school does not have

a schoolsite council pursuant to Section 52852 of the Education Code, by schoolwide advisory groups or school support groups. Funds shall be allocated to all school sites including adult education schools and regional occupational centers. For adult schools, the school shall develop an adult school advisory committee which shall consist of the school principal or director, teachers representing a variety of academic disciplines, adult education students, and community business leaders.

(D) The funds apportioned pursuant to this paragraph may be expended for any one-time educational purpose including, but not limited to, instructional materials, classroom and laboratory supplies and materials, school and classroom library materials, educational technology, deferred maintenance, one-time expenditures designed to close the achievement gap, or professional development. Before funds allocated pursuant this section may be encumbered or expended, the governing board of the school district shall approve the proposed use. If the governing board of a school district does not approve the use proposed pursuant to this paragraph, no expenditures of the specified funds may be made and the governing board of the school district shall inform the schoolsite council, schoolwide advisory group, or school support group, as applicable, of the reasons why the proposal was disapproved. If the schoolsite council, schoolwide advisory group, or school support group, as applicable, and the governing board of the school district are unable to agree on the use of the funds by May 1, 2007, the dispute shall be immediately submitted to the county board of education. The county board of education shall resolve the dispute within 30 days of submission. The decision of the county board of education shall be final.

(E) The use of funds allocated pursuant to this paragraph for schools under the jurisdiction of a county office of education shall be proposed by each school's schoolwide advisory group or school support group. The proposals shall be approved by the county board of education prior to expenditure of the funds allocated pursuant to paragraph (1).

(F) For purposes of this paragraph, "school district" means a school district, county office of education, state special school, or direct-funded charter school, as described in paragraph (1) of subdivision (a) of Section 47651 of the Education Code.

(G) The funds apportioned under this paragraph shall be allocated with a minimum of five thousand dollars (\$5,000) for schoolsites of 25 or fewer pupils and ten thousand dollars (\$10,000) for schoolsites of more than 25 pupils.

(3) One hundred thirty-three million three hundred seventy-five thousand dollars (\$133,375,000) to the Superintendent for allocation to school districts according to the following provisions:

(A) The funds appropriated pursuant to this paragraph shall be apportioned to school districts on the basis of an equal amount per pupil enrolled in the district in the 2006-07 fiscal year, including pupils enrolled in adult education programs and pupils enrolled in regional occupational centers and programs based on the fall California Basic Educational Data

System (CBEDS) enrollment data, except that pupil enrollment in adult education programs and regional occupational centers and programs shall be determined based on their calculated average daily attendance (ADA) for base funding allocations. The ADA for this purpose shall be considered final as of the second principal apportionment for the 2006–07 fiscal year. The Superintendent of Public Instruction shall make an initial apportionment of up to 75 percent of the funds on the basis of the enrollment in the 2005–06 fiscal year and shall make a final apportionment of the remaining funds in a manner that assures that the total funds apportioned pursuant to this section are distributed on the basis of 2006–07 enrollment, or ADA, as applicable.

(B) The funds apportioned pursuant to this paragraph may be expended for instructional materials, classroom and laboratory supplies and materials, school and classroom library materials, educational technology, deferred maintenance, professional development, home-to-school transportation, one-time expenditures designed to close the achievement gap, or outstanding one-time fiscal obligations of school districts.

(C) It is the intent of the Legislature that to the extent a school district allocates funds appropriated pursuant to this paragraph for the benefit of school sites, the district shall expend funds for the benefit of charter schools, including direct-funded charter schools, on an equitable basis.

(D) The funds apportioned under this paragraph shall be allocated with a minimum of ten thousand dollars (\$10,000) per school district.

(4) One hundred million dollars (\$100,000,000) from the General Fund on a one-time basis for allocation by the Superintendent of Public Instruction to school districts, charter schools, and county offices of education on the basis of enrollment in the 2005–06 fiscal year according to the fall CBEDS enrollment data. That allocation shall be used solely for any of the following:

(A) Instructional materials.

(B) School and classroom library materials.

(C) One-time educational technology costs, as provided in this section.

(5) Eleven million five hundred thirty-three thousand dollars (\$11,533,000) on a one-time basis to be available for expenditure by June 30, 2009, as follows:

(A) Nine million five hundred thousand dollars (\$9,500,000) for allocation to school districts, charter schools, and county office of education to provide funds to local educational agencies that have not previously received funding pursuant to the California School Information Services. These funds may be combined with the funds appropriated for this purpose in Item 6110-101-0349 of the annual Budget Act for the 2006–07 fiscal year. Funds shall be allocated pursuant to Section 49084 of the Education Code for activities consistent with an implementation plan developed by the California School Information Services, to be jointly approved by the Department of Finance, the Office of the Secretary for Education, and the State Department of Education, in consultation with the Legislative Analyst’s Office.

(B) One million five hundred thousand dollars (\$1,500,000) is available to the State Department of Education for transfer of five hundred thousand dollars (\$500,000) per year over three fiscal years to the California School Information Services to be used to support staffing and for administrative costs associated with an increased workload pursuant to subparagraph (A).

(C) Five hundred thirty-three thousand dollars (\$533,000) is available to the State Department of Education to the California School Information Services for use to purchase one-time equipment, hardware, and software consistent with an implementation plan developed by the California School Information Services, to be jointly approved by the Department of Finance, the Office of the Secretary for Education, and the State Department of Education, in consultation with the Legislative Analyst's Office.

(6) Ten million dollars (\$10,000,000) on a one-time basis for transfer to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, charter schools, and county offices of education for the following purposes:

(A) School districts with outstanding long-term fiscal obligations concerning retired employee nonpension benefits may apply for funding upon completing a plan for meeting those obligations. As a requirement of receipt of funding, districts must submit these plans to the county superintendent of education as part of the budget review process.

(B) County superintendents of education may apply for funding for consideration of plans submitted pursuant to this section during the course of reviewing the budget of a school district.

A local educational agency may not receive an amount greater than fifteen thousand dollars (\$15,000) for activities related to this paragraph.

(7) Ten million dollars (\$10,000,000) on a one-time basis to the Superintendent of Public Instruction for the purpose of providing Healthy Start Program grants to school districts or charter schools that have not previously received a Healthy Start grant. The grant shall be provided on a competitive basis and shall provide full funding for both collaborative planning and operational grants in the 2006–07 fiscal year. Collaborative planning grants and operational grants may be expended over a seven-year period.

(8) Three million dollars (\$3,000,000) to the State Department of Education for allocation to school districts, charter schools, and county offices of education to fund grants during the 2006–07 school year for startup school breakfast and summer food service programs under Section 49550.3 of the Education Code.

(9) Fifteen million dollars (\$15,000,000) to the Superintendent of Public Instruction for allocation to school districts and charter schools on a one-time basis for purposes of parental involvement activities pursuant to Article 2 (commencing with Section 51120) of Chapter 1.5 of Part 28 of the Education Code.

(10) Thirty million dollars (\$30,000,000) on a one-time basis to provide supplemental instructional materials specifically for English learners in

kindergarten and grades 1 to 12, inclusive. The purpose of these materials will be to accelerate pupils as rapidly as possible towards grade level proficiency. The funds shall be used to purchase supplemental materials that are designed to help English learners become proficient in reading, writing, and speaking English. These materials may only be used in addition to the standards-aligned materials adopted by the State Board of Education pursuant to Section 60605 of the Education Code.

(A) Local educational agencies shall be eligible for apportionment funding of up to twenty-five dollars (\$25) per pupil, based on the most recently certified language census number of English learners in kindergarten and grades 1 to 12, inclusive, to purchase any materials that the State Department of Education verifies and the State Board of Education approves are substantially correlated to identified state standards adopted pursuant to Section 60811 of the Education Code, as applied in the standards adopted pursuant to Section 60605 of the Education Code. Funding may be provided only for the number of pupils that the local educational agency certifies it will purchase materials for pursuant to subparagraph (D). Local educational agencies may expend no more than thirty dollars (\$30) per pupil from these funds for these materials. Local educational agencies shall return to the state any funds allocated under this subparagraph that are not expended for purchase of materials pursuant to this provision.

(B) The State Department of Education shall use the existing correlation matrices pursuant to Item 6110-189-0001 of Section 2.00 of Chapter 208 of the Statutes of 2004 to determine if the instructional materials correlate to the English-language arts and English language development standards adopted by the State Board of Education.

(C) Prior to submission of materials to the department for review to ensure that the materials correlate to identified standards, publishers shall be required to submit standards maps to the department and any requesting local education agency so that the department and the local educational agency can determine the extent to which each item, if purchased separately, or set of instructional materials for English learners are correlated to the standards adopted by the State Board of Education. The standards maps shall be filled out using the most recent format approved by the State Board of Education. The contents for the standards map will be the correlation matrix as described in subparagraph (B).

(D) As a condition of receipt of funds, local educational agencies that elect to participate shall do one, or both, of the following:

(i) No later than March 30, 2007, submit a request for review, specifying the title, ISBN number, grade levels, type, and publisher of the materials they intend to purchase, and the number of pupils for which materials may be purchased.

(ii) Identify materials from the existing list of materials approved by the State Board of Education specifying the information described in clause (i).

(E) After a local educational agency notifies the State Department of Education of its request for review of materials, the department may select and train panels of teachers and educators to verify the standards maps provided by the publishers and examine the materials for legal and social compliance. The department will also provide an appeals process to allow due process review of discrepancies of findings in the verification process. The verification shall not constitute a state adoption of instructional materials pursuant to Section 60200 of the Education Code. The department shall give first priority in verifying correlation to identified state standards to those materials that are most commonly cited in the intent of school districts to purchase provided under subparagraph (D). The department shall submit its verification results to the State Board of Education for approval and the State Board of Education shall approve or disapprove the materials at the next regularly scheduled meeting after receipt of the verification of the department, in accordance with public notification requirements.

(11) Nine million dollars (\$9,000,000) to the Superintendent of Public Instruction for allocation to charter schools for the Charter School Facility Grant Program pursuant to Section 47614.5 of the Education Code.

(12) Five million dollars (\$5,000,000) to the State Department of Mental Health for the purpose of funding the full costs of the operational grants for a new cohort of grants over a multiyear period for the School-Based Early Mental Health Intervention and Prevention Services Matching Grant Program pursuant to Chapter 2 (commencing with Section 4380) of Part 4 of Division 4 of the Welfare and Institutions Code.

(13) Twenty million dollars (\$20,000,000) to the Superintendent of Public Instruction for local assistance costs of a multiyear research pilot project to identify best practices for improving the academic achievement and English language development of English learners pursuant to legislation enacted during the 2005–06 Regular Session of the Legislature.

(14) Forty million dollars (\$40,000,000) for transfer to Section A of the State School Fund for allocation to school districts, regional occupational centers and programs, adult education providers, charter schools and county offices of education that offer career technical education programs for the purchase of equipment and supplies, and minor facility reconfigurations for career technical education courses. Funds appropriated in this paragraph shall be allocated in accordance with, and are subject to, all of the following conditions:

(A) Funds shall be allocated on the basis of an equal amount per student enrolled in career technical education courses based on 2005–06 enrollment for grades 7 to 12, inclusive, as determined by the Superintendent of Public Instruction. In no event shall an eligible local educational agency receive less than three thousand two hundred and fifty dollars (\$3,250), provided all other conditions of this paragraph are satisfied.

(B) This allocation shall be used solely for purchases of equipment and supplies for career technical education courses and any necessary minor

facility configurations or improvements to remove old equipment or to utilize the new equipment.

(C) Prior to the allocation of funds to any local educational agency, the receiving agency shall do all of the following:

(i) Provide to the State Department of Education an expenditure plan for approval by the department that has been developed in consultation with the career technical education advisory committee established pursuant to Section 8070 of the Education Code.

(ii) Agree to notify the career technical education advisory committee prior to disposing of any existing equipment or purchasing any new equipment used for career technical education.

(iii) Provide any other information determined by the Superintendent of Public Instruction deemed necessary to ensure this funding is effectively utilized to sustain and expand attendance in high quality career technical education programs.

(D) Of the funds appropriated in this paragraph, two million five hundred thousand dollars (\$2,500,000) shall be used for capacity building incentive grants for grades 7 to 12, inclusive, to enhance existing, or establish new, health-related career pathway programs in grades 7 to 12, inclusive. Funds shall be used for standards-based curriculum development, development of a sequence of courses, and materials and equipment. The State Department of Education shall report to the Legislature and the Governor on the use of the funds described in this subparagraph on or before January 1, 2008.

(15) Four million dollars (\$4,000,000) to the Superintendent of Public Instruction as local assistance funds for support of the K-12 High-Speed Network.

(16) Five hundred million dollars (\$500,000,000) for transfer to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, charter schools, and county offices of education on the basis of an equal amount per unit of average daily attendance, as defined in subdivision (b) of Section 42235.5 of the Education Code, and including average daily attendance used to compute funding for small school districts pursuant to Article 4 (commencing with Section 42280) of Chapter 7 of Part 24 of the Education Code, reported for the second principal apportionment for the 2005–06 fiscal year pursuant to Section 41601 of the Education Code. However, a public school shall not receive less than two thousand five hundred dollars (\$2,500). That allocation shall be used solely for one or both of the following:

(A) Art and music supplies and equipment.

(B) Physical education supplies and equipment.

(17) Fifty million dollars (\$50,000,000) for transfer to the Child Care Facilities Revolving Fund to address facilities needs for the expansion of the State Preschool Program, pursuant to legislation enacted during the 2005–06 Regular Session of the Legislature. Funding shall be available for the renovation, repair, or improvement of an existing building and for the

purchase of new relocatable child care facilities, in accordance with Education Code Section 8278.3.

(18) Five million five hundred thousand dollars (\$5,500,000) to the Superintendent of Public Instruction for allocation to local educational agencies for the purpose of funding the purchase of state-approved individual intervention materials for students who have failed the California High School Exit Examination.

(A) Local educational agencies shall be eligible for apportionment funding of twenty dollars (\$20) per pupil based on the number of pupils in grades 11 through 12, inclusive, who have failed to pass one or both portions of the California High School Exit Examination. Funds shall be used to purchase any materials recommended by the State Department of Education and approved by the State Board of Education for these purposes.

(B) Individual intervention materials approved pursuant to this section shall meet the following criteria:

(i) Assist students in mastering standards necessary to successfully pass the California High School Exit Examination.

(ii) Include a computer-based component that adapts to each student's specific remediation needs.

(iii) Include appropriate professional development support for teachers.

(C) The State Department of Education shall issue a request for proposals to vendors to develop, produce, and make available workbooks meeting the specifications described in subparagraph (B) at a cost no greater than twenty dollars (\$20) per workbook. Based on this request for proposal process, the department shall recommend a vendor or vendors to the State Board of Education for approval.

(19) The sum of one million eight hundred thousand dollars (\$1,800,000) to the Superintendent of Public Instruction for implementation of the Mathematics Teacher Partnership Pilot Program.

(A) The Superintendent of Public Instruction shall select, on a competitive basis, a county office of education or consortia of county offices of education to provide one-time funding for the establishment of the Mathematics Teacher Pilot Program. The funding shall be allocated no later than August 1, 2006, or 30 days following enactment of the Budget Act of 2006, whichever date is later, and shall be available for expenditure to the successful bidder for the 2006–07 and 2007–08 fiscal years.

(B) The successful bidder shall use the funds provided to implement a regional Math Teacher Pilot Project in at least three counties to accomplish the following objectives:

(i) Increase the number of qualified secondary-level math teachers and increase the likelihood that such teachers will remain in the teaching profession. These activities shall build upon current state efforts to increase the number of new secondary-level math teachers.

(ii) Improve and raise the capacity of secondary-level teachers who teach mathematics.

(iii) Provide professional development to teachers aimed at improving their ability to convey rigorous content and motivate students toward careers in teaching mathematics.

(iv) Provide professional development for teachers in how to assist students who are struggling to meet proficiencies required to pass the mathematics portion of the California High School Exit Examination.

(C) (i) The county office of education receiving the funding shall monitor and report on the results of the pilot programs to identify models for replication in other service areas throughout the state.

(ii) The county office of education receiving the funding shall submit annual progress reports to the Legislature, the Department of Finance, the Superintendent of Public Instruction, the Office of the Secretary of Education, the State Board of Education, the Governor, and the Legislative Analyst's Office. These reports shall include, but not be limited to, information on outcomes related to the number, quality and capacity of secondary-level math teachers in pilot schools; statistics regarding unmet demand for secondary-level math teachers in pilot schools; types of incentives and support provided to teachers; passage rates of students on the mathematics portion of the California High School Exit Examination; and lessons learned about effective or ineffective activities and strategies. These reports shall be submitted on or before August 1, 2007, and August 1, 2008.

(20) Fifty million dollars (\$50,000,000) to the Superintendent of Public Instruction for teacher recruitment and retention for allocation to the governing board of a school district that has a school or schools that are ranked in deciles 1 to 3, inclusive, of the 2005 base Academic Performance Index, as defined in Section 52052 of the Education Code, for one or more such qualifying schools in accordance with the following:

(A) As a condition of receipt of funds, the district governing board shall adopt a plan for use of the funds within the qualifying schools. The plan shall be discussed and adopted at a regularly scheduled governing board meeting.

(B) Each applicant district shall receive fifty dollars (\$50) per pupil based upon the number of pupils in qualifying schools within the district.

(C) The funds shall be used for the purposes of improving the educational culture and environment at those schools, which may include, but are not limited to, the following specific purposes:

(i) Assuring a safe, clean school environment for teaching and learning.

(ii) Providing support services for students, and teachers.

(iii) Activities, including differential compensation, focused on the recruitment and retention at those schools of teachers who meet the definition of a highly qualified teacher under the No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(iv) Activities, including differential compensation, focused on the recruitment and retention at those schools of highly skilled principals.

(v) Small group instruction.

(vi) Providing time for teachers and principals to collaborate regarding improving academic outcomes for students.

(D) To the extent that funding is insufficient to fund all eligible applicants, the amount provided shall be prorated to conform to available funds.

(21) Ninety-four million one hundred forty-four thousand dollars (\$94,144,000) for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time block grants to community college districts for physical plant and instructional support, for the 2005–06 fiscal year subject to the following provisions:

(A) Forty-seven million seventy-two thousand dollars (\$47,072,000) shall be available for scheduled maintenance and special repairs of facilities and forty-seven million seventy-two thousand dollars (\$47,072,000) shall be available for the replacement of instructional equipment and library materials.

(B) Community college districts shall expend the allocations made pursuant to this paragraph for the purpose of one-time expenditures, including high priority instructional equipment and library material replacement; technology infrastructure; scheduled maintenance and special repairs; hazardous substances abatement, cleanup and repairs; and architectural barrier removal and seismic retrofit projects limited to \$400,000.

(C) The Chancellor of the Community Colleges shall allocate the amount appropriated for the one-time block grants in subparagraph (A) to community college districts on an equal amount per actual full-time equivalent student attendance reported for the 2005–06 fiscal year, except that each community college district shall be allocated an amount not less than one hundred thousand dollars (\$100,000), and the equal amount per unit of full-time attendance shall be computed accordingly.

(D) These funds shall supplement and not supplant existing expenditures and may not be counted as the district match for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006.

(22) Seventy-seven million seven hundred thousand dollars (\$77,700,000) for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time general purpose block grants to community college districts, for the 2005–06 fiscal year. The Chancellor of the Community Colleges shall allocate the amount appropriated for the one-time block grants in this paragraph to community college districts in an equal amount per actual full-time equivalent student attendance reported for the 2005–06 fiscal year, except that each community college district shall be allocated an amount not less than one hundred thousand dollars (\$100,000), and the equal amount per unit of full-time attendance shall be computed accordingly. Community college districts may expend the allocations made pursuant to this section for the purpose of any appropriate one-time expenditure. However, these funds may not be counted as the required local contribution for physical plant

projects or instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the Budget Act of 2006.

(23) Forty million dollars (\$40,000,000) for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time grants to community college districts, for career technical education equipment, materials and minor facility remodeling. The Chancellor of the Community Colleges shall allocate the amount appropriated for the one-time grants in this paragraph to community college districts on an equal amount per actual full-time equivalent student attendance reported for the 2005–06 fiscal year, except that each community college district shall be allocated an amount not less than one hundred thousand dollars (\$100,000), and the equal amount per unit of full-time attendance shall be computed accordingly. Community college districts shall expend the allocations made pursuant to this section for the purpose of one-time expenditures for career technical education equipment, materials, and facility reconfigurations or improvements necessary to remove old or install new equipment. Any equipment that has been replaced with funds provided in this subdivision shall be made available to high schools in the region served by the district to the extent it may benefit career technical education in the high schools.

(24) Nineteen million seven hundred ten thousand dollars (\$19,710,000) for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time grants to community college districts, for purposes specified in legislation enacted during the 2005–06 Regular Session.

(25) Fifteen million dollars (\$15,000,000) to the Controller for allocation to community college districts for the reimbursement of state-mandated local cost claims submitted by community college districts for the 1995–96 to 2005–06 fiscal years, inclusive. The Controller shall use the funds appropriated in this paragraph to pay for claims submitted by community college districts for the 1995–96 to 2005–06 fiscal years, inclusive. The Controller shall pay claims according to the following order of priority:

(A) First, the oldest claims no longer subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest.

(B) Second, claims still subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest. The Controller may adjust the amounts paid for these claims on the basis of the final audits. Any repayment resulting from an audit may be counted towards future claims submitted by the local educational agency.

(26) Five hundred thousand dollars (\$500,000) from the General Fund for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time grants to community college districts, for the following purposes:

(A) The establishment or expansion of nursing student clinical placement registries in all regions of the state for the benefit of nursing

students and programs serving community college students and students from the University of California and the California State University.

(B) To establish an on-line community college nursing faculty registry.

(C) It is the intent of the Legislature that the one-time projects funded pursuant to this paragraph will be self-sustaining through annual user fees from participating colleges and universities.

(27) One million four hundred forty-six thousand dollars (\$1,446,000) from the General Fund for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time grants to community college districts for sites to complete connection to the California Research and Education Network. To the extent that there are insufficient moneys to fund all applications, the funding shall be allocated on a first come first serve basis. These funds shall only be given to districts with college sites that do not currently have the ability to connect to the California Research and Education Network.

(28) Five hundred thousand dollars (\$500,000) for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time funding to the community colleges for research and statewide leadership activities related to the implementation of a community college system strategic plan adopted by the Board of Governors in January 2006. The funds shall be used for reimbursement of expenditures incurred by community college representatives assisting in the shared governance implementation of the strategic plan. At least ninety percent of the appropriated funds shall be expended for short-term applied research necessary to guide the implementation of strategic initiatives identified in the plan, including removal of barriers for student access and success, innovative programs and outreach, improved assessment and placement, improved articulation with elementary and secondary schools and four-year institutions, teaching and learning effectiveness, innovative practices in workforce education and accountability research for the community colleges. No more than ten percent of the appropriated funds shall be available for reimbursement of release time and transportation expenses of community college representatives assisting in the shared governance advice and implementation of the strategic plan.

(29) Seven hundred thousand dollars (\$700,000) for transfer by the Controller to Section B of the State School Fund for the purpose of providing one-time funding to the community colleges to develop and implement an Electronic Transcript Exchange.

(30) Two million five hundred thousand dollars (\$2,500,000) for transfer by the Controller to Section B of the State School Fund to fund a pilot grant program designed to recruit and retain existing full-time nursing faculty. Funds shall be available for three years, through the 2008–09 fiscal year. The Board of Governors shall adopt criteria to allocate these funds to districts on a competitive basis to maximize their effectiveness. The Chancellor shall submit the grant criteria to the Department of Finance and the Legislature for review not less than 30 days prior to releasing a request for proposals. On or before January 10,

2009, the Chancellor shall submit to the Legislature and the Department of Finance a report listing the grant recipients, describing how the grant funds were used, and assessing the effectiveness of the grant funds in retaining and recruiting nursing faculty. It is the intent of the Legislature to use the information contained in the report to help decide whether to extend or expand the pilot program beyond the 2008–09 fiscal year.

(31) Five million dollars (\$5,000,000) for transfer by the Controller to Section B of the State School Fund for one-time expenditure by the community colleges in support of faculty and staff professional development programs established by Article 5 Chapter 1 of Part 51 of the Education Code, beginning with Section 87150 of the Education Code. The Chancellor shall allocate funds to each community college district that complies with the requirements of Section 87151 of the Education Code on an equal basis per full-time equivalent student.

(32) One hundred thousand dollars (\$100,000) for transfer by the Controller to Section B of the State School Fund for allocation to the Amador County Office of Education for distance education equipment for purposes of broadcasting community college courses in Amador County.

(b) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, and “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2005–06 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2005–06 fiscal year.

SEC. 44. (a) Two hundred eighty-three million one hundred eighty-nine thousand dollars (\$283,189,000) is hereby appropriated from the General Fund for transfer to the Controller to pay for prior year claims, including interest, for reimbursement of state-mandated costs.

(1) The Controller shall use the funds appropriated in this section to pay school districts, county offices of education, and community college districts for claims submitted by any of those local educational agencies for the 1995–96 to 2005–06 fiscal years, inclusive. The Controller shall pay claims according to the following order of priority:

(A) First, the oldest claims no longer subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest.

(B) Second, claims still subject to audit pursuant to subdivision (a) of Section 17558.5 of the Government Code, including accrued interest. The Controller may adjust the amounts paid for these claims on the basis of the final audits. Any repayment resulting from an audit may be counted towards future claims submitted by the local educational agency.

(2) No payments shall be made for any claims for the Standardized Testing and Reporting (STAR) or National Norm-Referenced Achievement Test programs, Schoolsite Councils, Brown Act and Open Meetings Act, School Bus Safety II, Grand Jury Proceedings, or the removal of chemicals.

(3) The Controller shall provide reimbursement of claims and interest in accordance with the following schedule:

(A) The sum of two hundred fifty-eight million one hundred eighty-nine thousand dollars (\$258,189,000) for reimbursement of claims filed by school districts and county offices of education.

(B) The sum of twenty-five million dollars (\$25,000,000) for reimbursement of claims filed by community college districts.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, seventy-six million three hundred one thousand dollars (\$76,301,000) of the appropriation made by subdivision (a) shall be deemed to be “General Fund” revenues appropriated to school districts, as defined in subdivision (c) of Section 41202 of the Education Code, for the 1995–96 fiscal year, included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 1995–96 fiscal year.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, one hundred sixty-five million nine hundred forty-six thousand dollars (\$165,946,000) of the appropriation made by subdivision (a) shall be deemed to be “General Fund” revenues appropriated to school districts, as defined in subdivision (c) of Section 41202 of the Education Code, for the 1996–97 fiscal year, included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 1996–97 fiscal year.

(d) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, fifteen million nine hundred forty-two thousand dollars (\$15,942,000), of the appropriation made by subdivision (a) shall be deemed to be “General Fund” revenues appropriated to school districts, as defined in subdivision (c) of Section 41202 of the Education Code, and twenty-five million dollars (\$25,000,000) of the appropriation made by subdivision (a) shall be deemed to be “General Fund” revenues appropriated to community college districts as defined in subdivision (d) of Section 41202 of the Education Code, for the 2002–03 fiscal year and included within the “total allocations to school districts and community college from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2002–03 fiscal year.

SEC. 45. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to implement the Budget Act of 2006 at the earliest time possible, it is necessary that this act take effect immediately.